

**HEART OF YORKSHIRE EDUCATION  
GROUP**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**31 JULY 2023**



**Heart of Yorkshire**  
Education Group

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**Heart of Yorkshire Education Group**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2023**

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**Key Management Personnel, Board of Governors and Professional Advisers**

**Key management personnel**

Key management personnel are represented by the following in 2022/23:

<b>Post Title</b>	<b>Post Holder</b>	<b>Date Appointed</b>	<b>Leaving Date</b>
Principal, Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Group Executive Director: Finance and Resources	Jason Pepper	12/06/2017	N/A
Group Executive Director: Curriculum and Quality	Lisa Macdonald	01/02/2012	N/A
Group Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Group Executive Director: People	Karen Sykes	30/09/2002	N/A
Group Executive Director: External Partnerships, Skills Development and Apprentices	Lorraine Cross	01/10/2021	N/A
Group Executive Director: Employer Engagement and Apprenticeships	Joanne Taylor	01/01/2017	13/01/2023
Head of Governance and Legal Services and Clerk	Sam Cremore	07/01/2019	N/A

**Board of Governors**

A full list of Governors is given on page 21 of these financial statements.

Antonia Praud acted as Clerk to the Corporation until 16/04/2023.

Sam Cremore acted as Clerk to the Corporation from 17/04/2023.

## **PROFESSIONAL ADVISORS**

### **Financial Statements and**

#### **Regularity auditor:**

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

#### **Internal auditors:**

ICCA  
McLaren House  
46 Priory  
Queensway  
Birmingham  
B4 7LR

#### **Solicitors:**

Eversheds Sutherland  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

#### **Insurance Brokers:**

Zurich Municipal  
1 East Parade  
Leeds  
LS1 2UA

### **Bankers:**

Close Brothers Limited  
10 Crown Place  
London  
EC2A 4FT

Lloyds Bank plc  
2nd Floor  
Lisbon House  
116 Wellington Street  
Leeds  
LS1 4LT

## REPORT OF THE GOVERNING BODY

The members present their report and the audited financial statements for the year ended 31 July 2023.

### Key Developments

On 1 March 2022 Wakefield College and Selby College merged to create the Heart of Yorkshire Education Group. Comprising Wakefield College, Castleford College and Selby College, the Group provides high quality education to learners from communities across the Yorkshire region. The creation of the Heart of Yorkshire Group is accounted for in the prior year figures as a merger. Comparative figures for 2021/22 include those of both Wakefield and Selby Colleges and also the subsidiary company Supporting Futures Selby. Selby College corporation was dissolved on 28 February 2022. An application to strike off Supporting Futures Selby Ltd from the Register of Companies has been submitted to Companies House.

The Group delivered strong achievement rates and a high proportion of positive destinations for completing students. It also saw a return to “business as usual” following the extensive disruption of the Covid pandemic.

The Heart of Yorkshire Education Group also continued to develop its curriculum offer: expanding T-Level provision, developing its distance learning offer, and developing specialist courses focussed on sustainability and carbon capture.

The Heart of Yorkshire Education Group underwent a full OFSTED inspection in October 2023 and was evaluated as being “Good” for all inspection subcategories, and “Good” overall. The Group was also rated as being “Strong” in respect of meeting skills needs.

### Nature, Objectives and Strategy

#### Legal Status

The Heart of Yorkshire Education Group Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Wakefield College. On 1 March 2022, the College merged with Selby College and following Secretary of State consent, the name of the new organisation was changed to the Heart of Yorkshire Education Group. The Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Group consists of Wakefield, Selby and Castleford Colleges, Heart of Yorkshire Education Ltd, a dormant company and Supporting Futures Selby Ltd. Supporting Futures Selby Ltd is no longer trading and an application has been made to strike the company from the Register of Companies.

The Group’s registered address is Margaret Street, Wakefield, West Yorkshire, WF1 2DH.

## Nature, Objectives and Strategy (continued)

### Mission

The Group's Mission is:

“Transforming lives through learning by enabling young people, adults and employers to fulfil their potential.”

### Public Benefit

The Heart of Yorkshire Education Group is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 21.

In setting and reviewing the Group's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the Group provides identifiable public benefits through the delivery of education to 10,191 students, including 316 students with high needs. The Group provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The Group adjusts its courses to meet the needs of local employers and provides training to 1,355 apprentices. The Group is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

### Implementation of Strategic Plan

A new Group strategic plan was devised in summer 2022 and approved by the Group Board in October 2022.

This Plan was based around four Strategic Objectives, each of which was underpinned by a range of Key Performance Indicators and Performance Indicators. The Corporation monitors performance against Strategic Objectives, Key Performance Indicators and Performance Indicators throughout the year via consideration of a performance dashboard at each Governing Body meeting. The Group corporation agreed the following strategic objectives for the period 2022-25:

SO1: Develop a skills offer that is aligned to the needs of the areas we serve through partnership and collaboration.

SO2: Ensure our curriculum delivery is high quality, inclusive and ambitious and we provide an outstanding student experience.

SO3: Develop a high performing culture and people who are effective and committed.

## Nature, Objectives and Strategy (continued)

### Implementation of Strategic Plan (continued)

SO4: Ensure our finances are strong to facilitate investment in our resources and our offer.

SO5: Commit wholeheartedly to the development of sustainability within our communities.

In respect of the Wakefield College strategic plan for 2022-25, the following key achievements were realised in the year ending 31 July 2023:

- Delivery of an inclusive curriculum responding to Wakefield and Leeds City Region skills priorities and labour market needs. 85% of provision was in priority skill sector areas.
- Strong achievement rates. Pass rates in the majority of programmes continued to be high across all types of provision.
- Extensive focus on student and staff mental health and wellbeing, providing high levels of support and a wide range of engagement activities.
- Excellent student survey response levels, with the vast majority of responses at 4+ out of possible 5 grades (good or better).
- National Student Satisfaction (NSS) results for University College Wakefield (UCW) gave an overall satisfaction rate of 92% in July 2023, rating us as the third best higher education provider in Yorkshire, ahead of most universities.
- Maintenance of our Matrix Accreditation during our annual review of continuous improvement.
- Maintenance of the Quality Standard in Carer Support accreditation for our work in supporting Young Adult Carers.
- Substantial investment in the Group's estate and IT infrastructure, and the creation of a new Group network.
- Excellent progress on our sustainability agenda, with further reductions in carbon emissions; and the embedding of sustainability into the curriculum.
- Our Children's University continued to offer out of school learning opportunities to primary schools and families across the district during lockdown.

### Financial Objectives

The Wakefield College Corporation set the following strategic financial objectives for the College in 2022/23, without any assumption that the planned merger with Selby College would take place. As these are Group financial statements, the reported performance below is for the Group as a whole.

**(i) Achieve a calculated financial health score of 'Good'.**

This target has been achieved. The Group has achieved a calculated financial health grade of 'Good'.

### Nature, Objectives and Strategy (continued)

#### Financial Objectives (continued)

The Group achieved an ESFA financial health grade for the year ended 31 July 2022 of 'Good'.

**(ii) To achieve an EBITDA of at least £1.5m at 31 July 2023.**

This target has been achieved. The Group achieved an EBITDA of £1.64m at 31 July 2023.

The Group achieved an EBITDA of £1.18m at 31 July 2022.

**(iii) To ensure that staffing costs were no more than 71.0% of eligible income.**

This target has not been achieved. Group staffing costs (excluding restructuring, enhanced pension and FRS102 charges) were 71.5% for the year ending 31 July 2023.

Group staffing costs were 71.5% of eligible income for the year ended 31 July 2022.

#### Performance Indicators

The Group is committed to observing the importance of sector measures and indicators and uses the Qualification Achievement Rate report, National Achievement Rate Tables, and the DfE Performance Tables as to compare performance in measures such as achievement rates and value added.

Key Performance Indicators and Performance Indicators cover the Group's operations and include attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence, staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates.

Governors kept all Performance Indicators under scrutiny throughout the year, including during lockdown when Board meetings were held online. Key Performance Indicators that saw strong performance included:

- Achievement rates
- Student progress
- Financial Performance
- Student satisfaction with college facilities



## FINANCIAL STATEMENTS

For the year ended 31 July 2023

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### Financial Position

#### Financial Results

The Group produced an operating deficit before actuarial loss or gain in respect of pension schemes in the year of £1.61m, after pension service costs of £1.15m (2021/22: operating deficit of £4.64m, after pension service costs of £3.04m).

Tangible fixed asset additions during the year amounted to £2.61m (2021/22: £1.88m).

The Group relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2022/23, these funding bodies provided 84.3% of the Group's total income (2021/22: 83.5%).

The Group has seen the elimination of its LGPS liability in the year ending 31 July 2023. This is due in large part to a change in the discount rate used to calculate scheme liabilities and a change in the demographic assumptions used by the actuary. The College's share of the resulting net defined asset as at 31 July 2023 has been limited by the application of an asset ceiling and therefore the amount shown in the balance sheet is zero.

The Group was subject to an ESFA ILR Funding audit in respect of Selby College for the 2021/22 academic year. Audit fieldwork began in Autumn 2022, and the final audit report was issued in December 2023.

#### Treasury Policies and Objectives

Treasury management is the management of the Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Group generated £141,000 of investment income (2021/22: £9,000) excluding endowments from the management of its cash balances.

Any borrowing requires the authorisation of the Corporation and the DfE/ESFA following ONS reclassification. At 31 July 2023 the Group had no bank debt.

A key focus of treasury management activity for the Group is to ensure that resources are in place to support the property strategy and invest in other elements of the Group's operations. There has been significant investment in both teaching and learning infrastructure and staffing at the Group in recent years.

On 29 November 2022, the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The Government has confirmed that colleges will retain their surpluses and will be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subjected to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury.

### Financial Position (continued)

#### Cash Flows and liquidity

There was a net cash inflow on operating activities of £5,125,000 during the year (2021/22: £2,421,000).

The Group's cash and investment balances stood at £13,359,000 (31 July 2022: £10,706,000).

#### Reserves Policy

For the financial year ending 31 July 2023, the Group had no formal reserves policy but recognised the importance of reserves in ensuring its ongoing financial stability. A reserves policy has since been drafted and presented to the Group's Finance, People & Resources Committee for approval.

A key focus of the Corporation in recent years has been to ensure that the Group has adequate reserves to support its core activities and meet payroll commitments of approximately £2.7m per month. The Group currently has a small, restricted reserve, the result of a past legacy. As at the balance sheet date, the Total Unrestricted Reserves stand at £53.16m (2021/22: £49.19m).

The Group has both a robust treasury management policy and clear financial objectives that are focused on ensuring that it maintains sufficient resources to deliver its strategic plan.

#### Financial Health

The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The Group also expects to achieve a financial health grade of "Good" for the year ending 31 July 2023.

The Group has maintained robust financial health through a careful approach to curriculum planning, budget setting and cash flow management. Although the Group has made a significant investment in infrastructure in recent years, it has been able to finance these from reserves and capital grants, and so has no debt and continues to retain an appropriate level of cash reserves.

The current macroeconomic environment will present additional financial challenges to the Group. Inflation, particularly in respect of staffing and utility costs are likely to place additional pressure on the Group operating position.

## Current and Future Development and Performance

### Group Companies

The Group comprises the former Wakefield and Selby Colleges and subsidiary companies: Supporting Futures Selby Ltd and Heart of Yorkshire Education Ltd. The principal activity of Supporting Futures Selby Ltd was the employment of staff, but this company no longer trades. Heart of Yorkshire Education Ltd is a dormant company.

All staff employed via Supporting Futures Selby Ltd were transferred to direct employment by the Group on 1 December 2022. The company was dissolved on the 30 January 2024, these group accounts include Supporting Futures Selby Ltd transactions until this date.

### Student Numbers

In 2022/23 the Group delivered activity that produced £30.84m in recurrent funding body main allocations from the ESFA and West Yorkshire Combined Authority (2021/22 - £28.91m). Total student numbers in year were 10,191: this includes learners funded by our main funding bodies in addition to learners funded from other sources (2021/22 – 10,830).

### Students' Achievements

The year ending 31 July 2023 was the first full year of operation for the Heart of Yorkshire Education Group.

Although a return to normality was welcomed by students and staff there has been a significant legacy from Covid-19; both in terms of learner behaviour and mental health. We anticipate that the pandemic will continue to throw up further challenges in terms of learners' readiness to study and additional learner support requirements.

Student demand for mental health support remained very high in 2022/23 and a significant proportion of students that enrolled with us this year disclosed significant mental health issues. Adult learners seem to have been less affected by the pandemic but have instead faced significant economic challenges.

The current economic climate is also having an adverse impact on our younger students, with an increasing number leaving their studies early to take up employment. Overall classroom learner retention for the Group in 2022/23 was 85.9%. This compares with retention of 84% in 2021/22.

The Group offers a wide range of academic, vocational and apprenticeship provision designed to meet both local and regional skills priorities. Provision is brought to life through industry projects, work placements, trips, visits, and competitions.

During year ending 31 July 2023, the following curriculum developments are particularly worthy of note:

## **Current and Future Development and Performance (continued)**

### **Students' Achievements (continued)**

- The Group continued to develop a wider range of T-Level programmes, with the introduction of a T-Level in Management & Administration.
- 25 A Level courses across the Group achieved a 100% pass rate in the summer 2022 exams.
- Open days across our 3 campuses through 2022/23 attracted over 1,900 potential new students.
- Yvette Cooper MP officiated at the opening ceremony for Castleford College.
- Selby College student Lydia Warner represented the UK at the World Transplant Games.
- The Group achieved an extremely high student satisfaction rating of 92% in the Higher Education National Student Survey.

### **Future Prospects**

The Group has agreed total recurrent funding body income of £29.97m for the 2023/24 financial year. This includes funding from the Office for Students which has been confirmed at £293,005 for the same period.

The Group has received additional ESFA funding towards increased Teachers Pensions' costs in 2022/23, with a further grant confirmed for 2023/24.

The Group has seen a further increase in 16-18 student numbers at the start of the 2023/24 academic year.

Looking forward, the Group will continue to face competition from a variety of schools and colleges across West and North Yorkshire.

Transport will become an increasingly important factor in respect of student recruitment. Bus services across both West and North Yorkshire have been rationalised, and this has added additional barriers to participation; in particular for potential students who live in rural or semi-rural areas.

The devolution of funding for adult further education to the West Yorkshire Combined Authority (WYCA) is now well-embedded. To date this has realised some important flexibilities in funding conditions and provided important opportunities to better meet the skills needs of the Leeds City Region. We anticipate that devolution will also take place in North Yorkshire by 2025, and hope that this will provide the Group with further opportunities to grow student numbers and associated income.

The Group will continue to develop its infrastructure to ensure all students have access to high quality teaching and learning environments that are both flexible and efficient. Key priorities for the immediate future will be:

## Current and Future Development and Performance (continued)

### Future Prospects (continued)

- To expand the specialist construction workshop accommodation, we have across the Group. This will include the creation of a new ESFA funded construction workshop at our Castleford campus.
- To ensure that there is the necessary accommodation and infrastructure in place to support the development of entry and lower-level curriculum at Selby College. A range of new Level 1 courses will run at our Selby campus in 2023/24.
- To bring the standard of IT infrastructure at Selby College up to a high standard. Investment in IT at Selby is already underway and is set to continue.
- To ensure that all campuses are safe and secure. We will continue to invest in safeguarding technology and facilities to ensure our students are kept safe.

We will continue to pursue any capital funding opportunities that may assist with the delivery of the Group Infrastructure Strategy. In addition to successfully bidding for ESFA capital funding, the Group has also won capital significant grants from the Office for Students and the Local Skills Investment Fund.

Members have no concerns about the Group's continued ability to be a successful provider of learning to its communities, nor about its ability to adequately resource teaching and learning. The Group has a reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this report, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the Group has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

### Resources

The Group has various resources that it can deploy in pursuit of its strategic objectives.

- A highly committed group of employees. At 31 July 2023 the Group staff employed 876 colleagues, of which 386 were teaching staff.
- Tangible resources include the Group campuses in Castleford, Selby and Wakefield.
- The Group has £80.29m of fixed assets. These include land and buildings with a book value of £76.97m, and equipment with a book value of £3.32m.
- At 31 July 2023 the Group held £13.36m of cash, and had net current assets of £4.49m.
- The Group enjoys a high profile and an excellent reputation within and beyond West and North Yorkshire.

## Current and Future Development and Performance (continued)

### Principal risks and uncertainties

The Group's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The Group has well-established systems of internal control including financial, operational and risk management, which are designed to protect the Group's assets and reputation.

Like many other organisations, the Group has faced challenges from energy cost increases and general cost inflation.

We are also dealing with changes to the regulatory framework under which we operate, due to the reclassification of Further Education colleges as part of the public sector, following a review by the Office for National Statistics.

The key elements of the Group's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 20.

The Group's risk environment is monitored regularly by College managers, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the Group are outlined below. Not all of these factors are within the Group's control.

- The ability of the Group to embed a sufficiently high-quality teaching and learning culture.
- The ability of the Group to develop a positive safeguarding culture and associated infrastructure.
- The competitive environment for recruitment of 16–18-year-olds, HE students and for the delivery of training to employers (especially apprenticeships).
- The extent to which the Group can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of the Group to retain robust financial health, whilst also making the necessary investment in our estate and infrastructure.
- The impact of the Covid-19 pandemic on the educational and emotional wellbeing of our students.
- The need to deliver a new Group structure without adversely impacting on teaching and learning, or the achievement of Group strategic objectives.
- The ability of the Group to defend itself from a serious cyber-attack.
- The failure to launch a new Group IT network without an adverse impact on the achievement of Group strategic objectives.

Our response to these risks has been:

- To expand collaborative provision and continue to invest in high quality infrastructure;

## Current and Future Development and Performance (continued)

### Principal risks and uncertainties (continued)

- to develop an increasing understanding and awareness of local economic drivers and skills needs, and to target major local employers;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses, and offered appropriate opportunities to progress;
- to review curriculum footprints and refresh the curriculum, particularly our offer to adults;
- to review our operations to ensure efficiency, effectiveness and value for money, and;
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the Group's vision, mission and values;
- to seek appropriate external professional advice and support, and;
- to invest in the appropriate skills and IT security infrastructure to match the threat of cyber attack and develop the new Group network;
- to successfully launch a new Group IT network.

During 2022/23 the Group undertook a full building survey to establish the presence of any Reinforced Autoclave Aerated Concrete (RAAC). None of our buildings contain any RAAC.

### Relationship with our partners, stakeholders and communities

In common with other colleges and universities, the Heart of Yorkshire Education Group contributes to and benefits from a broad range of important relationships. These include those with:

- Students;
- parents or carers of students;
- staff;
- education sector funding bodies (including the ESFA and OfS);
- local employers;
- local authorities;
- Local Enterprise Partnership (LEP);
- the local community;
- other FE institutions, local schools and universities;
- trade unions; and
- professional bodies.

The Group recognises the importance of these relationships and engages in regular communication with them through the Group internet site and by meetings.

The Group is aware of several issues which may impact on future funding, including apprenticeship and technical/vocational education reforms and the devolution of the adult education budget. The Group, in conjunction with its key stakeholders, has developed a strategy for growth in response to the devolution agenda and to the apprenticeships reform.

## **Current and Future Development and Performance (continued)**

### **Equality & diversity**

The Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.

The Group's Equality and Diversity Policy Statement is published on the Group's website, along with a corresponding set of Equality Objectives and Data pack.

The Group is committed to helping achieve equality for all learners, staff and other College users, and aims to ensure that all learners, whatever their background, have the opportunity to benefit from excellent and inspirational educational opportunities.

The Group considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

The Group considers all job applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Group continues. The Group's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

In September 2019, the Group signed up to the Association of Colleges' Mental Health Charter for staff and students.

### **Gender Pay Gap Reporting**

The college publishes its annual gender pay gap report on its website.

In March 2023 we reported that the median hourly rate for women was 23.2% lower than men; an increase on 21.3% reported in March 2022.

There has been a decrease in the female median hourly rate of 31p per hour. The male median hourly rate has remained static at £16.09, and the overall median hourly rate has also remained the same as 2022 reported data.

The proportion of women in lower paid jobs, part time / term time only jobs, has increased to 80% from 75% identified in 2022. This has negatively impacted on the gender pay gap.



## **Current and Future Development and Performance (continued)**

### **Disability Statement**

The Group seeks to achieve the objectives set down in the Equality Act 2010.

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the Group can make available for use by students with disabilities.
- The Group has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard Group format.
- The Group's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The Group has signed up to the Ambitious about Autism Charter.

### **Carbon Emissions**

The CO2 emissions of the Group reduced by 183 tonnes (almost 13%) during the 2022/23 year, even though the Group increased in size with the addition of the Selby College campus.

During 2022/23, the following projects were completed which helped to drive this reduction:

- We continued to replace traditional lighting with more energy efficient LED lights.
- We installed a number of electric car charging units at our Selby and Wakefield campuses.
- We replaced 4 Group petrol vehicles with electric vehicles.
- We installed a heat recovery ventilation system on level three of the Radcliffe Building at our Wakefield campus.

**FINANCIAL STATEMENTS**

**For the year ended 31 July 2023**

**Current and Future Development and Performance (continued)**

**Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Group to publish information on facility time arrangements for trade union officials at the Group.

<b>Numbers of employees who were relevant period</b>	<b>FTE employee number</b>
3	2.6

<b>Percentage of time</b>	<b>Number of employees</b>
0%	-
1-50%	3
51-99%	-
100%	-

Total cost of facility time	£9,600
Total pay bill	£28,535,000
Percentage of total bill spent on facility time	0.03%
Time spent on paid trade union activities as a percentage of total paid facility time	10.43%

## **Current and Future Development and Performance (continued)**

### **Going Concern**

After making appropriate enquiries, the Corporation considers that the Group has adequate resources to continue in operational existence for the foreseeable future and has demonstrated this in the detailed financial plan to July 2025. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2025 with sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves. Despite some recovery of ESFA funding following an audit of Selby College's pre-merger ILR, the Group remains financially robust.

The Group's financial plan, shared with the Education and Skills Funding Agency in July 2023, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2025.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next two years. In particular, significant cost inflation including (but not limited to) staffing costs and fuel.

### **Disclosure of Information to Auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by order of the members of the Corporation on 26 February 2024 and signed on its behalf by:



**Andrew McConnell OBE**  
**Chair of Corporation**

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and financial statements of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The Group endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”).

In the opinion of the Governors, the Group complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Group Board has commissioned the Association of Colleges to undertake a formal external review of Governance that will commence in February 2024. It expects to receive the final report from this review in July 2024, and any recommendations arising from this will be implemented.

The Instrument and Articles, and governance structure were updated and reviewed as part of merger activities within a governance workstream. Advice was sought from a National Leader of Governance, and recommendations were shared with the FEC and ESFA, before being adopted and approved by the Board on 8 February 2022.

The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges (AoC) in March 2015 (and amended in May 2019), which it formally adopted in August 2017. The updated version of The Code of Good Governance for English Colleges dated 2023 will be adopted for the academic year 2024/25 in accordance with AoC guidance.

The Group is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

### Responsibilities under funding agreement

The further education sector was reclassified as being part of the public sector following a review by the Office for National Statistics. Because of this the group has updated its policies, practices and processes to ensure that they are fully compliant with the new guidance for FE Colleges issued by the Department of Education.

**FINANCIAL STATEMENTS****For the year ended 31 July 2023****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2022**

The members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below:

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Luke Aaron	N/A	October 2023	1 year	-	Student	Board	N/A
Leigh Allsopp	N/A	October 2022	4 years	July 2023	Staff	Local College Board - Selby	3/3 (Local College Board – Selby)
Mohammed Ayub	N/A	October 2023	4 years	-	External	Board	N/A
Yasmin Ayub	Oct 2020	March 2022	4 years	May 2023	Staff	Board; Local College Board - Castleford	2/5 (Board) 2/3 (Local College Board - Castleford)
Faye Banks	N/A	July 2023	4 years	-	External	Audit Committee; Board Local College Board - Castleford	1/1 (Board)
Bea Bassford	N/A	October 2023	1 year	-	Student	Board	N/A
Ruth Baxter	N/A	March 2022	4 years	-	Staff	Board; Curriculum and Quality Committee; Local College Board - Selby	5/5 (Board) 3/3 (Curriculum and Quality) 3/3 (Local College Board – Selby)
Jason Brook	N/A	September 2022	4 years	-	External	Board; Audit Committee	1/5 (Board) 3/4 (Audit)
Nigel Brook	N/A	April 2022	4 years	-	External	Board; Audit Committee; Finance, People and Resources Committee.	3/5 (Board) 4/4 (Audit) 1/1 (Finance, People and Resources Committee)

**FINANCIAL STATEMENTS**

For the year ended 31 July 2023

**Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2022 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Andrew Brown	N/A	March 2022	4 years	April 2023	External	Local College Board - Selby	1/2 (Local College Board – Selby)
Michael Clarke	N/A	March 2022	4 years	-	External	Finance, People and Resources Committee; Local College Board - Selby	4/4 (Finance, People and Resources Committee) 2/3 (Local College Board – Selby)
Claire Corneille	Oct 2020	March 2022	4 years	-	External	Board; Local College Board - Wakefield; Remuneration Committee; Finance, People and Resources Committee; Search and Governance Committee.	4/5 (Board) 3/3 (Local College Board - Wakefield) 1/1 (Remuneration) 3/4 (Finance, People and Resources Committee) 2/4 (Search and Governance)
Dmitry Fedotov (Vice Chair)	July 2017 July 2021	March 2022	4 years	-	External	Board; Curriculum and Quality Committee; Search and Governance; Remuneration Local College Board - Selby	5/5 Board 3/3 Curriculum and Quality Committee 3/4 (Search and Governance) 1/1 (Remuneration) 1/1 Local (College Board – Selby)
Brian Fisher	N/A	July 2023	4 years	-	Staff	Board, Local College Board Castleford	N/A

**FINANCIAL STATEMENTS**

**For the year ended 31 July 2023**

**Statement of Corporate Governance and Internal Control (continued)**

**Members who served the Corporation since 1 August 2022 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Ellie Halligan	N/A	October 2022	1 year	July 2023	Student	Board; Local College Board – Wakefield	1/5 (Board) 1/3 (Local College Board - Wakefield)
Julian Harrison	N/A	April 2022	4 years	-	External	Curriculum and Quality Committee; Local College Board - Castleford	2/3 (Curriculum and Quality Committee) 3/3 (Local College Board - Castleford)
Steve Harrison	N/A	October 2022	4 years	-	Staff	Local College Board - Castleford	3/3 (Local College Board - Castleford)
Tony Jackson	N/A	July 2023	4 years		Staff	Board; Finance, People and Resources Committee; Local College Board - Wakefield	N/A
Annabelle James	N/A	December 2022	4 years		External	Curriculum and Quality: Local College Board - Wakefield	2/2 (Curriculum and Quality) 2/2 (Local College Board - Wakefield)
Simran Janu	N/A	December 2022	4 years		External	Local College Board - Wakefield	1/2 (Local College Board - Wakefield)
Dave Kellett	N/A	March 2022	4 years	July 2023	External	Local College Board - Castleford	2/3 (Local College Board - Castleford)
George Kilner	N/A	October 2023	1 year	-	Student	Board	N/A

**FINANCIAL STATEMENTS**

**For the year ended 31 July 2023**

**Statement of Corporate Governance and Internal Control (continued)**

**Members who served the Corporation since 1 August 2022 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Jayne King	N/A	September 2022	4 years	-	External	Board; Finance, People and Resources Committee; Remuneration Committee	3/5 (Board) 2/4 (Finance, People and Resources Committee) 1/1 Remuneration
Gordon McAlpine	N/A	March 2022	4 years	-	External	Board, Curriculum and Quality Committee; Search and Governance Committee Local College Board – Selby	1/5 (Board) 2/3 (Curriculum and Quality Committee) 1/4 (Search and Governance Committee) 3/3 (Local College Board - Selby)
Andrew McConnell OBE (Chair)	Oct 2006 Oct 2010 Oct 2014 Jan 2017 Dec 2018	March 2022	4 years	-	External	Board; Finance, People and Resources Committee; Search and Governance Committee; Remuneration Committee	5/5 (Board) 4/4 (Finance, People and Resources) 4/4 (Search and Governance Committee) 1/1 (Remuneration) 1/3 (Local College Board - Castleford)



**FINANCIAL STATEMENTS**

**For the year ended 31 July 2023**

**Statement of Corporate Governance and Internal Control (continued)**

**Members who served the Corporation since 1 August 2022 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Alex Miles	N/A	March 2022	4 years	-	External	Curriculum and Quality Committee; Local College Board - Selby	1/1 (Curriculum and Quality) 3/3 (Local College Board - Selby)
Ian Parsons	Dec 2016 Jan 2017	March 2022	4 years	June 2023	External	Audit	0/3 (Audit)
Ben Porter	Jan 2021	March 2022	4 years	May 2023	Staff	Board; Curriculum and Quality Committee; Local College Board - Wakefield	3/5 (Board) 3/3 (Curriculum and Quality) 1/3 (Local College Board - Wakefield)
David Powell	Oct 2020	March 2022	4 years		External	Board; Curriculum and Quality Committee; Search and Governance Committee, Local College Board - Wakefield	3/5 (Board) 2/3 (Curriculum and Quality) 1/4 Search and Governance 2/3 (Local College Board - Wakefield)
Ruth Sacks	Oct 2020	March 2022	4 years	November 2022	External	Board; Search and Governance	0/2 (Board) 1/2 (Search and Governance Committee)

**FINANCIAL STATEMENTS****For the year ended 31 July 2023****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2022 (continued)**

<b>Name</b>	<b>Date Appointed Or Re-appointed</b>	<b>Date Appointed to Heart of Yorkshire Education Group</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>	<b>Attendance In 2022/23</b>
Martyn Shaw	Apr 2020	March 2022	4 years	-	External	Board; Audit Committee; Local College Board Castleford; Search and Governance Committee Local College Board (Wakefield)	5/5 (Board) 3/4 (Audit) 2/4 (Search and Governance) 3/3 (Local College Board (Castleford)) 1/3 (Local College Board (Wakefield))
Hayley Shilitto	N/A	October 2022	4 years	July 2023	Staff	Local College Board - Wakefield	3/3 (Local College Board – Wakefield)
Jess Smith	N/A	March 2022	1 year	July 2023	Student	Board, Local College Board - Selby	0/5 (Board) 2/3 (Local College Board - Selby)
Richard Stiff	N/A	March 2022	4 years	July 2023	External	Board; Audit Committee; Search and Governance Committee Local College Board – Selby;	4/5 (Board) 4/4 (Audit) 2/4 Search and Governance 3/3 (Local College Board – Selby)
Vijay Teeluck	N/A	March 2022	4 years	-	External	Board; Curriculum and Quality Committee	1/5 (Board) 2/3 (Curriculum and Quality)
Janet Waggott	N/A	March 2022	4 years	March 2023	External	Board; Remuneration Committee; Local College Board - Castleford	1/5 (Board) 1/1 (Remuneration) 0/3 (Local College Board – Castleford)

**FINANCIAL STATEMENTS**

**For the year ended 31 July 2023**

**Statement of Corporate Governance and Internal Control (continued)**

**Members who served the Corporation since 1 August 2022 (continued)**

Name	Date Appointed Or Re-appointed	Date Appointed to Heart of Yorkshire Education Group	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance In 2022/23
Julie Watson	N/A	March 2022	4 years		External	Board; Remuneration Committee; Local College Board - Selby	0/5 (Board) 0/1 (Remuneration) 1/1 (Local College Board Selby)
Neil Warren	July 2020	March 2022	4 years	-	External	Board; Finance, People and Resources Committee	2/5 (Board) 4/4 (Finance, People and Resources)
Tim Welton	N/A	October 2022	4 years	July 2023	External	Local College Board - Wakefield	3/3 Local College Board Wakefield
Sam Wright	Mar 11	March 2022	n/a	-	Principal	Board; Finance, People and Resources Committee; Search and Governance Committee; Local College Board Selby; Local College Board - Castleford; Local College Board - Wakefield	5/5 Board 4/4 (Search and Governance) 1/3 (Local College Board – Selby) 1/3 (Local College Board - Castleford) 1/3 (Local College Board - Wakefield)

## **Statement of Corporate Governance and Internal Control (continued)**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters for example health and safety and environmental issues.

The Corporation met regularly throughout the year and some of its business is conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. Committees include Audit, Remuneration, Search and Governance, Curriculum and Quality, Finance, People and Resources and local college boards representing each campus (the Board approved the removal of these local college boards at its meeting on 7 July 2023).

Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Heart of Yorkshire Education Group  
Margaret Street  
Wakefield  
West Yorkshire  
WF1 2DH

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties, at the Group's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

## Statement of Corporate Governance and Internal Control (continued)

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer (Principal) are separate.

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, with a minimum of five members, that is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Principal and Accounting Officer and Staff/Student members. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. In accordance with the Code, members will now serve no more than two terms except in exceptional circumstances where a longer term of office is considered by the Board to be in the best interests of the Corporation.

The appointment of Andrew McConnell as Chair was made after discussing the need for continuity and stability of the board, post-merger. Part of Mr McConnell's final term of office includes the responsibility for ensuring succession planning is in place for the future.

### Corporation performance

The corporation carried out a self-assessment of its own performance through individual appraisals and reviewing performance at the end of each meeting. An internal review of governance was undertaken in accordance with the requirements of the Code which included, among other things, the completion by members of questionnaires regarding the Board and its committees' effectiveness and assessment of the Corporation's performance against the Code. The results of the review and the resulting plan to enhance governance were approved by the Board at its meeting of 12 December 2023.

Governors received external governor specific safeguarding training during the period. Those members that were unable to attend received safeguarding training from the College's DSL. Additionally, mandatory safeguarding reading was carried out including updates to Keeping Children Safe in Education and the College's updated safeguarding policies and procedures. The Chair attended a number of AoC events in 2022/23 and continued to attend meetings as part of the Chair's network to stay up to date with key developments in the sector.

### Remuneration Committee

Throughout the year ending 31 July 2023, the Remuneration Committee comprised four members. The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019. The Committee's responsibilities are to make recommendations to the Board on the

## Statement of Corporate Governance and Internal Control (continued)

### Remuneration Committee (continued)

specific remuneration and benefits packages of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2023 are set out in Note 7 to the financial statements.

### Audit Committee

The Audit Committee comprised between five and six members (including non-members) during the relevant period. The Committee operates in accordance with written terms of reference approved by the corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the Group's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management, where appropriate. The Committee also receives and considers reports from the main FE funding bodies as they affect the Group's business.

The Group's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation. The Audit Committee met three times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings Attended</b>
Nigel Brook	4 of 4
Jason Brook	3 of 4
Ian Parsons (non-member)	0 of 3
Ruth Sacks	0 of 0
Martyn Shaw	3 of 4
Richard Stiff	4 of 4

## **Statement of Corporate Governance and Internal Control (continued)**

### **Audit Committee (continued)**

Richard Stiff retired from the Corporation at the end of the year and was replaced on the Audit Committee by Faye Banks. As noted above, Ian Parsons and Ruth Sacks stepped down from the Corporation and their positions on the Audit Committee mid-year.

### **Internal Control**

#### **Scope of Responsibility**

The Corporation is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Conditions of Funding between the Heart of Yorkshire Education Group and the funding body. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

#### **The purpose of the system of internal control**

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Group for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ended 31 July 2023 and up to the date of approval of the annual report and accounts. The Audit Committee acts as the Risk Committee and this process is regularly reviewed by the Corporation.

## **Statement of Corporate Governance and Internal Control (continued)**

### **The Internal Control and Risk Management Framework**

The Group encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the Group; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and, manage risk in accordance with best practice. The framework continues to evolve and enables the Group to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the Group in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the Group's strategic objectives and management of key risks;
- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high-profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- a human resources and organisational development strategy designed to meet the needs of the Group in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the Group and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.



## **Statement of Corporate Governance and Internal Control (continued)**

### **The Internal Control and Risk Management Framework (continued)**

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Executive Team.

The Group has an Internal Audit Service (IAS) which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2022 to 2023 and submits regular reports, which include its independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the Group's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved by the Audit Committee. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the Group. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Group's system of risk management, controls and governance processes.

### **Risks faced by the corporation**

The corporation identifies risk by application of the Group Risk Management Framework. This allows risks to be identified and the likelihood and impact of each to be assessed, and set against the risk appetite stipulated by the corporation. Each of the key risks is entered on to a risk register which is approved by the corporation. Each identified risk is evaluated according to its likelihood and potential impact and managed via mitigating actions identified and carried out by the relevant risk managers. During the relevant period, the Audit Committee reviewed the risk register at each of its three meetings with a view to satisfying itself that reach risk remained within its tolerance range.

### **Statement from the audit committee**

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the IAS in 2022/23 and up to the date of the approval of the financial statements (which were reviewed by the Audit Committee) include:

- Risk management Board assurance in respect of which substantial assurance was given and no recommendations were made.
- Key financial controls in respect of which substantial assurance was given and two recommendations were made.
- E-procurement and value for money in respect of which substantial assurance was given and two recommendations were made.

## Statement of Corporate Governance and Internal Control (continued)

### Statement from the audit committee (continued)

- HR and payroll in respect of which substantial assurance was given and no recommendations were made.
- ILR submissions in respect of which reasonable assurance was given and two recommendations were made.
- Distance learning delivery model in respect of which reasonable assurance was given and two recommendations were made.

The Group Audit Committee has noted the control recommendations raised by the ESFA ILR audit at Selby College and have taken professional advice on how these weaknesses can be addressed going forward. A key improvement has been to roll out the controls already employed at Castleford and Wakefield colleges.

### Control weaknesses identified

Except for one 'high priority' recommendation resulting from their review of Selby College's ILR submission processes, prior to the date of merger with Wakefield College, no significant control issues were identified by the College's internal auditors.

### Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework;
- comments made by the Group's financial statements auditors, the regularity auditors, and the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

**Statement of Corporate Governance and Internal Control (continued)**  
**Review of Effectiveness (continued)**

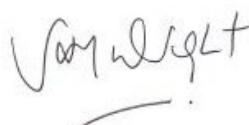
Executive Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At a meeting in February 2024, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2023.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the Group has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets”.

Approved by order of the members of the Corporation on 26 February 2024 and signed on its behalf by:



**Andrew McConnell OBE**  
**Chair of Corporation**



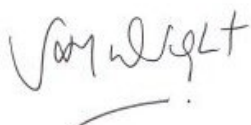
**Sam Wright**  
**Accounting Officer**

## **STATEMENT ON THE GROUP'S REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

I confirm that no instances of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



Sam Wright  
Accounting Officer  
**26 February 2024**

### **Statement of the chair of governors**

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



**Andrew McConnell OBE**  
Chair of Corporation

26 February 2024

## **STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION**

The members of the corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, OfS and WYCA the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction, Accounts Direction issued by the Office for Students and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation.

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United

## Statement of Responsibilities of the Members of the Corporation (continued)

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 26 February 2024 and signed on its behalf by:



**Andrew McConnell OBE**  
Chair of Corporation

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP

### Opinion

We have audited the financial statements of the Heart of Yorkshire Education Group (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2023 which comprise the consolidated and College statements of comprehensive income, the consolidated and College balance sheets, the consolidated and College statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2023 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (continued)

### Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.



## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (continued)

### Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 2 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

### Responsibilities of the Corporation of the Heart of Yorkshire Education Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 37 and 38 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the

#### **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (continued)**

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the Group and College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP (continued)**

**The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

The Group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the Group and College's revenue recognition policy.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 23 December 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK AUDIT LLP

Chartered Accountants

First Floor

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

29 February 2024

## CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME

		Year ended		Year ended	
		31 July 2023		31 July 2022	
		Group	College	Group	College
		£000s	£000s	£000s	£000s
<b>INCOME</b>					
Funding body grants	2	35,436	35,436	33,295	33,295
Tuition fees and education contracts	3	4,764	4,764	5,028	5,028
Other grants and contracts	4	629	629	396	396
Other income	5	1,087	1,089	1,146	1,151
Investment income	6	141	170	9	61
<b>Total income</b>		<b>42,057</b>	<b>42,088</b>	<b>39,874</b>	<b>39,931</b>
<b>EXPENDITURE</b>					
Staff costs	7	30,371	30,371	30,635	30,620
Restructuring costs	7	83	83	121	121
Other operating expenses	8	9,722	9,753	9,708	9,779
Depreciation	12	3,373	3,373	3,523	3,523
Interest and other finance costs	10	120	120	523	523
<b>Total expenditure</b>		<b>43,669</b>	<b>43,700</b>	<b>44,510</b>	<b>44,566</b>
<b>Deficit for the year</b>		<b>(1,612)</b>	<b>(1,612)</b>	<b>(4,636)</b>	<b>(4,635)</b>
Remeasurement on net defined pension benefit scheme		5,576	5,576	29,740	29,740
<b>Total Comprehensive income for the year attributable to the Corporation of the College</b>		<b>3,964</b>	<b>3,964</b>	<b>25,104</b>	<b>25,105</b>

All of the above activities relate to continuing operations. The notes on pages 49 to 80 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2023 £000s	2022 £000s
<b>Net cash flow from operating activities</b>	21	<b>5,125</b>	<b>2,421</b>
<b>Cash flows from investing activities</b>			
Placement of deposits		(6,000)	(1,000)
Payments made to acquire fixed assets		(2,613)	(1,881)
Investment income			9
		<b>(8,613)</b>	<b>(2,872)</b>
<b>Cash flows from financing activities</b>			
Repayments of amounts borrowed		-	(919)
Interest paid		-	(4)
Interest received		141	9
		<b>141</b>	<b>(923)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(3,347)</b>	<b>(1,374)</b>
Cash and cash equivalents at beginning of the year	22	7,706	9,080
<b>Cash and cash equivalents at end of the year</b>	22	<b>4,359</b>	<b>7,706</b>

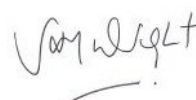
**CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY**

	Notes	2023		2022	
		Group £000s	College £000s	Group £000s	College £000s
<b>Non-current assets</b>					
Tangible fixed assets	12	80,288	80,288	81,048	81,048
Endowments and investments	13	38	38	39	39
		<b>80,326</b>	<b>80,326</b>	<b>81,087</b>	<b>81,087</b>
<b>Current assets</b>					
Trade and other receivables	14	1,078	1,078	1,308	1,405
Current Investments	15	9,000	9,000	3,000	3,000
Cash at bank and in hand	23	4,359	4,359	7,706	7,659
		<b>14,437</b>	<b>14,437</b>	<b>12,014</b>	<b>12,064</b>
<b>Less: Creditors – amounts falling due within one year</b>	16	(9,945)	(9,945)	(9,941)	(9,991)
<b>Net current assets</b>		<b>4,492</b>	<b>4,492</b>	<b>2,073</b>	<b>2,073</b>
<b>Total assets less current liabilities</b>		84,818	84,818	83,160	83,160
Creditors – amounts falling due after more than one year	17	(28,929)	(28,929)	(26,592)	(26,592)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme	23	-	-	(4,307)	(4,307)
Other provisions	18	(2,695)	(2,695)	(3,031)	(3,031)
<b>Total net assets</b>		<b>53,194</b>	<b>53,194</b>	<b>49,230</b>	<b>49,230</b>
<b>Restricted reserves:</b>					
Endowment Fund	13	38	38	39	39
<b>Unrestricted reserves</b>					
Income and expenditure		43,741	43,741	39,606	39,606
Revaluation reserve		9,415	9,415	9,585	9,585
<b>Total unrestricted reserves</b>		<b>53,156</b>	<b>53,156</b>	<b>49,191</b>	<b>49,191</b>
<b>Total reserves</b>		<b>53,194</b>	<b>53,194</b>	<b>49,230</b>	<b>49,230</b>

The financial statements on pages 44 to 80 were approved and authorised for issue by the Corporation on 26 February 2024 and were signed on its behalf on that date by:



**Andrew McConnell OBE**  
Chair of Corporation



**Sam Wright**  
Accounting Officer

**CONSOLIDATED AND COLLEGE STATEMENTS OF CHANGES IN RESERVES**

**– Group**

	Restricted Reserve	Income and expenditure account	Revaluation reserve	Total
	£000s	£000s	£000s	£000s
<b>Balance at 1 August 2021</b>	<b>39</b>	<b>14,342</b>	<b>9,745</b>	<b>24,126</b>
Deficit from the income and expenditure account	-	(4,636)	-	(4,636)
Other comprehensive income	-	29,740	-	29,740
Transfers between revaluation and income and expenditure reserves	-	160	(160)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>25,264</b>	<b>(160)</b>	<b>25,104</b>
<b>Balance at 31 July 2022</b>	<b>39</b>	<b>39,606</b>	<b>9,585</b>	<b>49,230</b>
Deficit from the income and expenditure account	(1)	(1,611)	-	(1,612)
Other comprehensive income	-	5,576	-	5,576
Transfers between revaluation and income and expenditure reserves	-	170	(170)	-
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>4,135</b>	<b>(170)</b>	<b>3,964</b>
<b>Balance at 31 July 2023</b>	<b>38</b>	<b>43,741</b>	<b>9,415</b>	<b>53,194</b>

**Consolidated and College Statement of Changes in Reserves (continued)**  
- College

	Restricted Reserve	Income and expenditure account	Revaluation reserve	Total
	£000s	£000s	£000s	£000s
<b>Balance at 1 August 2021</b>	<b>39</b>	<b>14,341</b>	<b>9,745</b>	<b>24,125</b>
Deficit from the income and expenditure account	-	(4,635)	-	(4,635)
Other comprehensive income	-	29,740	-	29,740
Transfers between revaluation and income and expenditure reserves	-	160	(160)	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>25,265</b>	<b>(160)</b>	<b>25,105</b>
<b>Balance at 31 July 2022</b>	<b>39</b>	<b>39,606</b>	<b>9,585</b>	<b>49,230</b>
Deficit from the income and expenditure account	(1)	(1,611)	-	(1,612)
Other comprehensive income	-	5,576	-	5,576
Transfers between revaluation and income and expenditure reserves	-	170	(170)	-
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>4,135</b>	<b>(170)</b>	<b>3,964</b>
<b>Balance at 31 July 2023</b>	<b>38</b>	<b>43,741</b>	<b>9,415</b>	<b>53,194</b>

The notes on pages 49 to 80 form part of these financial statements.



## **Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**

### **1 Accounting Policies**

#### **Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 F& HE SORP), the College Accounts Direction for 2022/23 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

#### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention.

#### **Reduced disclosures**

In accordance with the F & HE SORP, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

#### **Basis of Consolidation**

The consolidated financial statements include the college and its subsidiaries, Supporting Futures Selby Ltd and Heart of Yorkshire Education Ltd controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the college does not control those activities.

## **Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**

### **1 Accounting Policies (continued)**

#### **Going Concern**

The activities of the Group, together with the factors likely to affect its future development and performance are set out in the Report of the Governing Body. The financial position of the Group, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The Group has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The Group has produced a detailed cash flow forecast to July 2025 with sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves.

The Group's financial plan shared with the Education and Skills Funding Agency in July 2023 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2025, including meeting any clawback as a result of the learner numbers audit of the former Selby College.

The Group has a reasonable expectation that it has adequate resources to continue in operational existence or the foreseeable future (to at least 31 July 2025), and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### **Recognition of Income**

##### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments. Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the Group and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

For 2022/23 the ESFA confirmed that there will be a tolerance of 97% for clawback of AEB. This is also reflected in the AEB contract with West Yorkshire Combined Authority.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

*Revenue grant funding (continued)*

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the Group is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

*Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

*Fee income*

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

*Investment income*

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

*Agency Arrangements*

The Group acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Accounting for post-employment benefits**

Post-employment benefits to employees of the Group are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

*Teachers' Pension Scheme (TPS)*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

*West Yorkshire Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Accounting for post-employment benefits (continued)**

based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Short term Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

**Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group's Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the F & HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

*Land and buildings*

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold and long leasehold buildings are depreciated over their expected useful economic life to the Group of between 5 and 50 years. The Group has a policy of depreciating major adaptations to buildings over the period of 15 years.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Tangible Fixed Assets (continued)**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluation of these properties in the future.

*Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

*Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Group, in which case it is capitalised and depreciated on the relevant basis.

*Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment 3 - 5 years
- motor vehicles 5 - 10 years
- computer equipment 5 years
- laptops 3 years
- furniture, fixtures and fittings 5 - 10 years

**Leased Assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

**Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

**Taxation**

The Group is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Group is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Group is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of expenses as appropriate and to the cost of tangible fixed assets, where the inputs themselves are tangible fixed assets by nature.

The college's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

**Provisions and contingent liabilities**

Provisions are recognised when;

- the Group has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of Statement of Comprehensive Income in the period it arises.

A contingent liability arises from a past event that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Provisions and contingent liabilities (continued)**

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the Group either as a lessor or a lessee are operating Determine whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

*Local Government Pension Scheme*

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

*Other key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.



**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**1 Accounting Policies (continued)**

**Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

*Tangible fixed assets (continued)*

- Determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Heart of Yorkshire Education Group**  
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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**2 Funding Body Grants**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
<b>Recurrent grants</b>				
Education and Skills Funding Agency - 16-18	25,198	25,198	24,428	24,428
Education and Skills Funding Agency - apprenticeships	3,687	3,687	2,524	2,524
Education and Skills Funding Agency - adult Office for Students	2,219 328	2,219 328	2,014 270	2,014 270
<b>Specific Grants</b>				
Releases of government capital grants	1,187	1,187	1,124	1,124
Local Education Authorities	1,045	1,045	878	878
Teacher Pension Scheme contribution grant	908	908	749	749
Education and Skills Funding Agency – 16- 19 tuition fund	509	509	537	537
FECT Capital transformation funds	61	61	-	-
Strategic Development Fund – Skills Accelerator	-	-	77	77
Education and Skills Funding Agency- Provider Relief Scheme	-	-	14	14
Education and Skills Funding Agency - Other	294	294	680	680
<b>Total</b>	<b>35,436</b>	<b>35,436</b>	<b>33,295</b>	<b>33,295</b>

The Group spent £509,000 of 16-19 tuition fund grant from the EFSA.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**3 Tuition Fees and Education Contracts**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
UK Higher Education students	3,563	3,563	3,730	3,730
UK Further Education students	670	670	763	763
Apprenticeship Fees	29	29	71	71
International student fees	38	38	45	45
<b>Total fees paid on behalf of individual</b>	<b>4,300</b>	<b>4,300</b>	<b>4,609</b>	<b>4,609</b>
Education contracts	456	456	409	409
Apprenticeship contracts	8	8	10	10
<b>Sub Total</b>	<b>464</b>	<b>464</b>	<b>419</b>	<b>419</b>
<b>Total</b>	<b>4,764</b>	<b>4,764</b>	<b>5,028</b>	<b>5,028</b>

Included within Funding Body Grants and Tuition Fees and Education Contracts are the following:

Details of grant and fee income	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Grant income from the Office for Students	328	328	270	270
Grant income from other bodies	35,108	35,108	33,025	33,025
<b>Total grants</b>	<b>35,436</b>	<b>35,436</b>	<b>33,295</b>	<b>33,295</b>
Fee income for taught awards (exclusive of VAT)	3,563	3,563	3,730	3,730
Fee income for non-qualifying courses	1,201	1,201	1,298	1,298
<b>Total fees</b>	<b>4,764</b>	<b>4,764</b>	<b>5,028</b>	<b>5,028</b>
<b>Total grant and fee income</b>	<b>40,200</b>	<b>40,200</b>	<b>38,323</b>	<b>38,323</b>

**Heart of Yorkshire Education Group**  
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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**4 Other Grants and Contracts**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Other grants and contracts	629	629	396	396
<b>Total</b>	<b>629</b>	<b>629</b>	<b>396</b>	<b>396</b>

**5 Other Income**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Catering operations	442	442	488	488
Releases of other government capital grants	156	156	218	218
Transport Income	122	122	132	132
Miscellaneous income	367	369	308	313
<b>Total</b>	<b>1,087</b>	<b>1,089</b>	<b>1,146</b>	<b>1,151</b>

**6 Investment Income**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Other investment income	141	141	9	9
Gift aid distribution from subsidiary	-	28	-	52
Other interest receivable	-	1	-	-
<b>Total</b>	<b>141</b>	<b>170</b>	<b>9</b>	<b>61</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023  
(continued)**

**7 Staff Costs**

The average number of persons (including key management personnel) employed by the College during the year, was:

	2023		2022	
	Group No.	College No.	Group No.	College No.
Teaching Staff	386	386	388	388
Non-teaching Staff	490	490	446	422
	<b>876</b>	<b>876</b>	<b>834</b>	<b>810</b>

**Staff costs for the above persons**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Wages and salaries	21,985	21,778	22,164	21,462
Social security costs	1,545	1,530	1,343	1,169
Other pension costs	5,138	5,135	6,620	6,590
<b>Payroll sub total</b>	<b>28,668</b>	<b>28,443</b>	<b>30,127</b>	<b>29,221</b>
Contracted out staffing services	1,703	1,928	508	1,399
<b>Total</b>	<b>30,371</b>	<b>30,371</b>	<b>30,635</b>	<b>30,620</b>
Restructuring costs - contractual	67	67	104	104
- non contractual	16	16	17	17
<b>Total Staff costs</b>	<b>30,454</b>	<b>30,454</b>	<b>30,756</b>	<b>30,741</b>

Pay awards in year were made as follows:

- a salary in line with the Living Wage Foundation “Real Living Wage” of £10.90 setting the base of the pay scales at £21,029 (which equates to an increase of 14.7% since 1 February 2022 for the lowest paid staff), backdated to 1 February 2023;
- 3.5% across all other pay points backdated to 1 February 2023.

The College made severance payments to 4 staff in the banding of £0 - £25,000 and 1 staff in the banding £25,001-£50,000, these are included in the £83,000 restructuring costs above.

Included in staff restructuring costs are special severance payments totalling £15,941 (2021/22 - £17,000 see page 65). Individually, the payments were: £2,700, £2,997, £3,275, and £6,969.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**7 Staff Costs (continued)**

**Key Management Personnel – College and Group**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the individuals listed earlier (page 3) in these financial statements.

**Emoluments of key management personnel, Accounting Officer and other higher paid staff**

	<b>2023</b>	<b>2022</b>
	<b>No</b>	<b>No</b>
The number of key management personnel including the Accounting Officer was:	8	17

The number of staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	<b>2023</b>	<b>2022</b>
	<b>No</b>	<b>No</b>
£65,001 to £70,000	-	1
£70,001 to £75,000	-	1
£75,001 to £80,000	1	2
£80,001 to £85,000	1	2
£85,001 to £90,000	2	-
£100,001 to £110,000	1	1
£170,001 to £180,000	1	1
<b>Total</b>	<b>8</b>	<b>8</b>

There were no other staff, other than key management personnel listed on page 3, who received emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**7 Staff Costs (continued)**

Key management personnel compensation, including the Accounting Officer, is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Basic Salary	703	1,091
Benefits in kind	-	3
	<b>703</b>	<b>1,094</b>
Pension contributions	138	216
<b>Total key management personnel compensation</b>	<b>841</b>	<b>1,310</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. In addition to the above national insurance amounted to £91,000 (2021/22 - £142,000).

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer).

S Wright was Accounting Officer throughout the period. Her emoluments are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Salaries	175	172
Benefits in kind	-	-
	<b>175</b>	<b>172</b>
Pension contributions	40	41
<b>Total</b>	<b>215</b>	<b>213</b>

P Sayles was Accounting Officer at the former Selby College. He resigned on 31 December 2021. His emoluments in 2021/22 were:

	<b>2022</b>
	<b>£000s</b>
Salaries	112
Benefits in kind	1
	<b>113</b>
Pension contributions	11
<b>Total</b>	<b>124</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**7 Staff Costs (continued)**

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals.

The remuneration of the Accounting Officer for the year to July 2023 was determined on 18 January 2023 by the College's Remuneration Committee. The Accounting Officer was not involved in setting her remuneration. The factors taken into account by the Committee in determining the Accounting Officer's remuneration for the year to 31 July 2023 included: performance against personal objectives; performance of the organisation; sector benchmarking data on pay of accounting officers in the region and in a similar income bracket; benchmarking of colleges with similar staff numbers and complexity of income streams.

Only the Accounting Officer and the governance professional are covered by the Senior Staff Remuneration Code.

The Director of Governance employed at the former Selby College transferred at the point of merger on existing terms and conditions by way of the TUPE transfer of all staff from Selby College. The Director of Governance left the group 16 April 2023 prior to the College's Remuneration Committee determining her remuneration for the period.

The Legal Officer took on the role of the governance professional in an interim capacity for the remainder of the year and therefore is not covered under the remit of Remuneration Committee for the relevant period.

Other key management personnel are subject to the same pay policies and procedures as all other employees.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Basic salary as a multiple of median basic salary of staff	5.61	5.19
Total remuneration as a multiple of median total remuneration of staff	5.80	4.99

This is calculated from the total pay costs excluding: enhanced pension, pension adjustments, contracted out staffing costs, restructuring, social security and employer pension contributions for the basic salary cost and including employer pension contribution for the total remuneration costs.



**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**7 Staff Costs (continued)**

**Governors' remuneration**

The Accounting Officers and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

The members of the corporation other than the Accounting Officer and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The total expenses paid to or on behalf of the Governors during the year was nil (2021/22: £966, 3 Governors).

**Compensation for loss of office paid to former key management personnel:**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Compensation paid to 1 former post-holder - contractual	-	56
- non-contractual		17
<b>Total</b>	<b>-</b>	<b>73</b>

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**8 Other operating expenses**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Teaching costs	3,786	3,786	3,535	3,535
Non – teaching costs	3,284	3,315	3,893	3,964
Premises costs	2,652	2,652	2,280	2,280
<b>Total</b>	<b>9,722</b>	<b>9,753</b>	<b>9,708</b>	<b>9,779</b>

Deficit before taxation is stated after charging:

	Group and College	
	2023 £000s	2022 £000s
Auditors' remuneration (excluding VAT):		
Financial statements audit	75	91
Audit of subsidiary	-	7
Internal audit*	18	33
Other services provided by the financial statements' auditors	22	43
Operating lease rentals	30	74

Included in expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately (no ex-gratia payments were made).

	Total £	Individual Items above £5,000 Amount £	Reason
Compensation payments	1,000	-	Complaints upheld in and 2 students paid in accordance with policy.
Write off and losses	31,523	-	This relates to 76 individual debts written off in the year.
Guarantees, letters of comfort and indemnities	-	-	

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**9 Access and participation expenditure – Group and College**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Access investment	189	115
Financial support to students provided	100	59
Support for disability students	-	26
Research and evaluation (relating to access and participation)	18	15

The Group's Access and Participation Plan is available on the Group's website at:  
<https://www.selby.ac.uk/assets/files/2023-24-Heart-of-Yorkshire-Education-Group-Access-and-Participation-Plan.pdf>

**10 Interest and other finance costs – Group and College**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Bank loans	-	4
Pension finance costs (note 23)	120	519
<b>Total</b>	<b>120</b>	<b>523</b>

**11 Taxation – Group only**

The members do not believe that the Group is liable for any corporation tax arising out of its activities during the year.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**12 Tangible fixed assets – Group and College**

	<b>Land and Buildings Freehold</b>	<b>Long Leasehold</b>	<b>Equipment</b>	<b>Assets in the course of construction</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or valuation</b>					
At 1 August 2022	99,494	932	4,868	-	105,294
Additions	539	-	1,899	175	2,613
<b>At 31 July 2023</b>	<b>100,033</b>	<b>932</b>	<b>6,767</b>	<b>175</b>	<b>107,907</b>
<b>Depreciation and impairment</b>					
At 1 August 2022	21,497	342	2,407	-	24,246
Charge for the year	2,295	37	1,041	-	3,373
<b>At 31 July 2023</b>	<b>23,792</b>	<b>379</b>	<b>3,448</b>	<b>-</b>	<b>27,619</b>
<b>Net book value at 31 July 2023</b>	<b>76,241</b>	<b>553</b>	<b>3,319</b>	<b>175</b>	<b>80,288</b>
Net book value at 31 July 2022	77,997	590	2,461	-	81,048

'F' Block (Wakefield Campus) was marketed for sale during the 2022/23 financial year. This asset has been impaired to £1,200,000.

Wakefield College's land and buildings were last valued at 31 July 2014, on transition date to FRS102, by Principal Surveyor at Sheffield Valuation Office in accordance with the Practice statements in the RICS Valuation – Professional Standards January 2014 as published by the Royal Institution of Chartered Surveyors.

Land and buildings of the former Selby College transferred to the Heart of Yorkshire College Group on merger includes land valued at £3,250,000 on 1 August 2014 (the transition date to FRS102) that is not depreciated. This was included at deemed cost. The valuation of this land was performed by Stephenson's, an independent valuer, on a fair value basis.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**12 Tangible fixed assets (continued)**

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	<b>£000s</b>
Cost	Nil
Aggregate depreciation based on cost	Nil
<b>Net book value based on cost</b>	<b>Nil</b>

**13 Endowments and investments**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000s</b>	<b>College £000s</b>	<b>Group £000s</b>	<b>College £000s</b>
Endowments	38	38	39	39
Investments in subsidiary companies	-	-	-	-

The College owned 100 per cent of the issued ordinary £1 shares of Supporting Futures Selby Limited (SFS Ltd), a company incorporated in England and Wales. The principal business activity SFS Ltd was the provision of support services. The Company ceased trading in December 2022. All staff employed via Supporting Futures Selby Ltd were transferred to direct employment by the Group on 1 December 2022 and the Company was dissolved on 30 January 2024.

The College owns 100 per cent of the issued ordinary £1 shares of Heart of Yorkshire Education Group Ltd, a company incorporated in England and Wales. The company is dormant.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**14 Trade and other receivables**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Amounts falling due within one year:				
Trade receivables	195	195	190	190
Amounts owed by subsidiary undertakings	-	-	-	97
Other debtors	8	8	13	13
Prepayments and accrued income	875	875	1,009	1,009
Amounts owed by the Education & Skills Funding Agency	-	-	96	96
<b>Total</b>	<b>1,078</b>	<b>1,078</b>	<b>1,308</b>	<b>1,405</b>

Trade receivables includes a provision for bad debts of £39,000 (2021/22 - £116,000).

**15 Current Investments – Group and College**

	2023 £000s	2022 £000s
Short term deposits	9,000	3,000
<b>Total</b>	<b>9,000</b>	<b>3,000</b>

Deposits were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits were fixed for the duration of the deposit at time of placement.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
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**16 Creditors: amounts falling due within one year**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Trade payables	825	825	543	528
Amounts owed to group undertakings	-	-	-	134
Other creditors	523	523	515	459
Other taxation and social security	617	617	510	497
Accruals and deferred income	5,207	5,207	4,669	4,669
Government capital grants	1,220	1,220	1,804	1,804
Government revenue grants	307	307	257	257
Amounts owed to the Education & Skills Funding Agency	1,246	1,246	1,643	1,643
<b>Total</b>	<b>9,945</b>	<b>9,945</b>	<b>9,941</b>	<b>9,991</b>

**17 Creditors: amounts falling due after one year**

	2023		2022	
	Group £000s	College £000s	Group £000s	College £000s
Government capital grants	28,929	28,929	26,592	26,592
<b>Total</b>	<b>28,929</b>	<b>28,929</b>	<b>26,592</b>	<b>26,592</b>

Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023  
(continued)

**18 Provisions – Group and College**

	<b>Enhanced pensions £000s</b>	<b>Defined benefit obligations £000s</b>	<b>Total £000s</b>
At 1 August 2022	3,031	4,307	7,338
Utilised in the year	(240)	1,389	1,149
Released/additional provision in the year	100	(120)	(20)
Actuarial gain	(196)	(5,576)	(5,772)
<b>At 31 July 2023</b>	<b>2,695</b>	<b>-</b>	<b>2,695</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2023</b>	<b>2022</b>
Price inflation	2.8%	2.9%
Discount rate	5.0%	3.3%

**19 Capital commitments – Group and College**

	<b>2023 £000s</b>	<b>2022 £000s</b>
Contracts for future capital expenditure	1,151	491



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**(continued)**

**20 Commitments under operating leases- Group and College**

At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:

	2023 £000s	2022 £000s
<b>Other</b>		
<b>Future minimum lease payments due</b>		
Not later than one year	20	31
Later than one year and not later than five years	37	17
<b>Total</b>	<b>57</b>	<b>48</b>

**21 Note to Consolidated Statement of Cash Flows**

	2023 £000s	2022 £000s
	<b>Notes</b>	
<b>Cash flow from operating activities</b>		
Deficit for the year	(1,612)	(4,636)
<b>Adjustment for non-cash items</b>		
Depreciation/impairment	3,373	3,523
Decrease in stock	-	37
Decrease/(Increase) in debtors	230	(127)
Increase in creditors due within one year	4	1,940
Increase/(Decrease) in creditors due after one year	2,338	(1,374)
Decrease in provisions	(336)	(500)
Pensions costs less contributions payable	1,149	3,044
<b>Adjustment for investing or financing activities</b>		
Investment income	(141)	(9)
Interest payable	120	523
<b>Net cash flow from operating activities</b>	<b>5,125</b>	<b>2,421</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**22 Analysis of changes in net funds - Group**

	<b>At 1 August 2022 £000s</b>	<b>Cash flows £000s</b>	<b>At 31 July 2023 £000s</b>
Cash	7,706	(3,347)	4,359
Current asset investments	3,000	6,000	9,000
	<b>10,706</b>	<b>2,653</b>	<b>13,359</b>

**23 Retirement benefits**

The employees of the Colleges belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

Prior to merger, staff who were members of the LGPS at Selby College, had their pensions managed by North Yorkshire Pension Fund. The assets (including contributions paid in year) and liabilities were transferred from North Yorkshire Pension Fund (NYPF) to West Yorkshire Pension Fund (WYPF) following merger. Until the transfer valuation has been completed, the WYPF Actuary has provided an approximate valuation based on information provided by the NYPF Actuary.

The employees of Supporting Futures Selby Ltd (no longer trading) belonged to a stakeholder pension scheme that was a defined contributions scheme.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

**Total pension cost for the year**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Teachers' Pension Scheme:	2,479	2,348
Local Government Pension Scheme:		
Contributions paid*	1,603	1,461
FRS102(28) charge	1,149	3,044
Charge to the Statement of Comprehensive Income	2,752	4,505
Defined contributions paid	3	30
Enhanced pension charge to statement of comprehensive income	(96)	(263)
<b>Total Pension Cost for year within staff costs</b>	<b>5,138</b>	<b>6,620</b>

Contributions amounting to £523,000 (2021/22: £436,000) were payable to the schemes at 31 July and are included in creditors (Note 16).

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Group has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

Not less than every four years the Government Actuary (“GA”), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

**Valuation of the Teachers’ Pension Scheme**

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion
- Notional past service deficit of £39.8 billion (2016 £22 billion)
- Discount rate is 1.7% in excess of CPI (2016 2.4% in excess of CPI (this change has had the greatest financial significance)

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). DfE agreed to pay a Teachers’ Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £2,479,000 (2021/22: £2,348,000).

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council (West Yorkshire Pension Fund). Prior to merger, employees of the former Selby College were members of the North Yorkshire Pension Fund.

The total contribution made for the year ended 31 July 2023 was £2,255,000 of which employer’s contributions totalled £1,603,000 and employees’ contributions totalled £652,000. The current employer contribution rate increased from 16.4% to 17.2% in April 2022 and future contributions have been notified as 17.8% from April 2023; 18.4% from April 2024 and 19.0% from April 2025. Employee contributions are between 5.5% and 12.5% dependent on salary according to a national scale.

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**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 and updated to 31 July 2023 by a qualified independent actuary.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	<b>WYPF</b>	<b>WYPF</b>
Rate of increase in salaries (for year 1 only)	7.00%	3.85%
Rate of increase in salaries (for subsequent years)	3.85%	3.85%
Future pension increases	2.60%	2.60%
Discount rate for scheme liabilities	5.00%	3.40%
Inflation assumption	8.90%	7.50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
	<b>WYPF Years</b>	<b>WYPF Years</b>
Aged 65 at accounting date:		
Males	21.0	21.8
Females	24.1	24.6
Active member aged 45 at accounting date:		
Males	22.2	22.5
Females	25.1	25.7

The Group's share of the assets in the plan at the balance sheet date were:

	<b>Fair Value at 31 July 2023</b>	<b>Fair Value at 31 July 2022</b>
	<b>£000s</b>	<b>£000s</b>
Equity instruments	56,347	54,232
Government bonds	5,205	4,719
Corporate bonds	3,165	2,941
Property	2,321	2,736
Cash	2,743	2,736
Other	563	1,026
<b>Total fair value of plan assets</b>	<b>70,344</b>	<b>68,390</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Fair value of plan assets	70,344	68,390
Present value of plan liabilities	(59,182)	(72,609)
Present value of unfunded liabilities	(81)	(88)
Restriction to level of asset ceiling	(11,081)	-
<b>Net pension asset/(liability) recognised</b>	<b>-</b>	<b>(4,307)</b>

The value of the college's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present of the economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

**Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
<b>Amounts included in staff costs</b>		
Current service cost	(2,752)	(4,505)
<b>Total</b>	<b>(2,752)</b>	<b>(4,505)</b>
<b>Amounts included in interest and other finance costs</b>		
Net interest cost	(120)	(519)
<b>Total</b>	<b>(120)</b>	<b>(519)</b>
<b>Amount recognised in Other Comprehensive Income</b>		
Remeasurement of net defined benefit pension scheme	5,576	29,740
<b>Total</b>	<b>5,576</b>	<b>29,740</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

**Movement in net defined benefit asset/(liability)during year**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
<b>Net defined benefit liability at start of period</b>	<b>(4,307)</b>	<b>(30,484)</b>
Current service cost	(2,752)	(4,505)
Employer contributions	1,603	1,461
Net interest on the defined liability	(120)	(519)
Actuarial gain	5,576	29,740
<b>Net defined benefit asset/(liability) in scheme at end of period</b>	<b>-</b>	<b>(4,307)</b>

**Changes in the present value of defined benefit obligations**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
<b>Defined benefit obligations at start of period</b>	<b>72,697</b>	<b>96,509</b>
Current service cost	2,752	4,505
Interest cost	2,448	1,641
Contributions by Scheme participants	561	531
Actuarial gains	(17,171)	(29,547)
Estimated benefits paid	(2,024)	(942)
<b>Defined benefit obligations at end of period</b>	<b>59,263</b>	<b>72,697</b>

**Notes to the Financial Statements for the Period 1 August 2022 to 31 July 2023**  
**(continued)**

**23 Retirement benefits (continued)**

**Changes In fair value of plan assets**

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
<b>Fair value of plan assets at start of period</b>	<b>68,390</b>	<b>66,025</b>
Interest on plan assets	2,328	1,122
Return on plan assets (excluding net interest on the net defined benefit liability)	(514)	193
Employer contributions	1,603	1,461
Contribution by Scheme participants	561	531
Estimated benefits paid	(2,024)	(942)
Restriction to level of asset ceiling	(11,081)	-
<b>Fair value of plan assets at end of period</b>	<b>59,263</b>	<b>68,390</b>
<b>Actual return on plan assets</b>	<b>1,814</b>	<b>2,423</b>

**24 Related party transactions**

Key management compensation disclosure is given in note 7.

Selby College was a member of Selby Educational Trust, a company limited by Guarantee. During 2022/23, recharges to Selby Educational Trust amounted to £5,085. There were no amounts outstanding at the reporting date.

**Transactions with Subsidiary**

During the year the College purchased goods of £246,000 (2021/22 – £994,000) from its subsidiary and sold goods and services of £1,500 (2021/22 - £4,000) to its subsidiary. As the company has ceased trading in December 2022, there were no amounts (2021/22 – £134,000) owed to the subsidiary and zero (2021/22 £97,000) was owed by the subsidiary at the reporting date.



# **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 23 December 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Heart of Yorkshire Education Group during the period 1 August 2022 to 31 July 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

We have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

## **Responsibilities of Corporation for regularity**

The Corporation of the Heart of Yorkshire Education Group is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Heart of Yorkshire Education Group is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF THE HEART OF YORKSHIRE EDUCATION GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (continued)**

performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and those of any other public funder and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**Use of our report**

This report is made solely to the Corporation of the Heart of Yorkshire Education Group and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the Heart of Yorkshire Education Group and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of the Heart of Yorkshire Education Group and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

*RSM UK Audit LLP*

**RSM UK AUDIT LLP**  
Chartered Accountants  
First Floor  
Two Humber Quays  
Wellington Street West  
Hull, HU1 2BN

29 February 2024