

**HEART OF YORKSHIRE EDUCATION
GROUP**

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

31 JULY 2024



Heart of Yorkshire
Education Group

Contents

Key Management Personnel, Board of Governors and Professional Advisors	. 2
Report of the Governing Body	4
Statement of Corporate Governance and Internal Control	20
Statement on the Group's Regularity, Propriety and Compliance	33
Statement of Responsibilities of the Members of the Corporation	35
Independent Auditor's Report to the Corporation Of The Heart Of Yorkshire Education Group	37
Consolidated and College Statements of Comprehensive Income	42
Consolidated Statement of Cash Flows	43
Consolidated and College Balance Sheets as at 31 July	44
Consolidated and College Statements of Changes in Reserves (group and college)	45
Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024	46
Acronym Glossary	78

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key management personnel

Key management personnel are represented by the following in 2023/24:

Post Title	Post Holder	Date Appointed	Leaving Date
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
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 pages 22-24 of these financial statements.

Sam Cremore acted as Clerk to the Corporation throughout the year.

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024

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 Priors
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 2024.

Key Developments

The merger of Wakefield College and Selby College in March 2022 established the Heart of Yorkshire Education Group and also saw the creation of a new Castleford College alongside Selby and Wakefield Colleges.

The academic year 2023/24 has been the second complete year for our Group of three colleges and key developments include -

- The development of a clear Group curriculum plan that responds to regional and local skills needs and has developed some specific and innovative provision through LSIFs and Skills Boot Camps.
- The quality of provision has been recognised through the Group's Ofsted inspection, which took place in October 2023. Inspectors graded the Group as 'Good' overall and for every judgement and provision type, and as 'Strong' for our contribution to meeting skills needs.
- Whilst still working through the legacy of the pandemic and the impact this has had on young people and their mental health in particular, a large proportion of the Group's provision has delivered strong achievement rates and a high proportion of positive destinations for learners.
- We have continued to deliver our People & Culture Strategy, and staff survey participation and feedback has improved year on year.
- In spite of some real challenges around recruitment of staff and the reliance on costly agency workers to fill a number of vacancies, particularly for Engineering and Construction courses, we have continued to manage our finances prudently and have secured growth of funding and income in a number of areas, resulting in 'Good' financial health.
- We have taken forward the three strands of our Sustainability Strategy – the Development of our plan for Net Zero; Sustainable development within curriculum, green skills and partnerships; Education and visibility for a sustainable future.

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 and Heart of Yorkshire Education Ltd, a dormant company.

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

Mission

The Group's Mission is:

"Our staff positively transform our students' lives and the communities we serve by putting them at the heart of everything we do."

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 pages 22-24.

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 and training. In 2023/24, the Group had a total of 10,545 students, comprising:

16–19 year-olds	4,591
Adult student aged 19+	4,066
HE students	613
Apprentices	1,275

Included in the above are 412 high needs learners.

The Group is committed to inclusivity and providing effective information, advice and guidance to prospective students to enable them to develop their skills and progress into meaningful employment.

Implementation of Strategic Plan

The Strategic Plan 2022/25 was devised for the newly merged Group in summer 2022 and approved by the Group Board in October 2022.

This Plan was based around five strategic objectives, each of which was underpinned by a range of Key Performance Indicators (KPIs). The Corporation monitors performance against these strategic objectives and KPIs throughout the year via consideration of a performance dashboard at each Governing Body meeting, as well as scrutiny at the relevant Committee meetings.

The Group Board 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.

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 the delivery of these objectives, the following key achievements were realised in the year ending 31 July 2024:

- Delivery of an inclusive and ambitious curriculum responding to Wakefield / West Yorkshire and Selby / York and North Yorkshire skills priorities and labour market needs. 90% 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).
- Improving levels of engagement and ratings within the staff surveys throughout the year.
- The National Student Satisfaction (NSS) survey achieved a response rate of 87%, which is above average for the sector (average response rate across whole sector 71%). The Group was well above the sector average in 7 out of the 9 categories.

Implementation of Strategic Plan (continued)

- 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.
- 20% increased attendance at student recruitment events and 10% increased numbers of applications, resulting in growth of enrolments and learner numbers.
- Expansion of schools liaison work and establishment of a Children's University.
- Continued 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.

Financial Objectives

The Corporation of the Heart of Yorkshire Education Group set the following strategic financial objectives for the Group in 2023/24.

(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'.

The Group achieved an ESFA financial health grade for the year ended 31 July 2023 of 'Good'.

(ii) To achieve an EBITDA of at least £1.3m at 31 July 2024.

This target has been achieved. The Group achieved an EBITDA of £1.63m at 31 July 2024.

The Group achieved an EBITDA of £1.65m at 31 July 2023.

(iii) To ensure that staffing costs were no more than 73.20% of eligible income.

This target has been achieved. Group staffing costs (excluding restructuring, enhanced pension and FRS102 charges) were 70.64% for the year ending 31 July 2024.

Group staffing costs were 71.48% of eligible income for the year ended 31 July 2023.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

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 to compare performance in measures such as retention, pass and achievement rates and value added.

KPIs and other Performance Indicators (PIs) 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 PIs are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates.

Governors ensured all performance indicators were scrutinised throughout the year. PIs that saw strong or improved performance included:

- Achievement rates
- Student recruitment
- Financial Performance
- Student satisfaction

Financial Position

Financial Results

The Group produced an operating surplus (before remeasurement on net defined pension benefit scheme) in the year of £104,000, after pension service gain of £177,000 (2022/23: operating deficit £1,620,000, after pension service costs of £1,149,000).

Tangible fixed asset additions during the year amounted to £3.61m (2022/23: £2.61m).

The Group relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2023/24, these funding bodies provided 84.54% of the Group's total income (2022/23: 84.20%).

The Group continues to have no LGPS liability in the year ending 31 July 2024. This was eliminated in 2022/23 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 Group's share of the resulting net defined asset as at 31 July 2024 has been limited by the application of an asset ceiling and therefore the amount shown in the balance sheet is zero.

In 2022/23 the Group was subject to an ESFA ILR Funding audit in respect of Selby College for the 2021/22 academic year. In 2023/24 the Audit was extended to cover the 2020/21 academic year. A final audit report for 2020/21 was issued in September 2024 and a provision was made for clawback of funding.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

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 £466,000 of investment income (2022/23: £141,000) 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 2024 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.

In November 2022, the statutory FE sector in England was reclassified into the central government sector, meaning that colleges must now meet the overall requirements in HM Treasury's document, 'Managing Public Money'. The ESFA has published 6 'bite-sized guides' to aid colleges in meeting the requirements of the transition.

Cash Flows and liquidity

There was a net cash inflow on operating activities of £3,228,000 during the year (2022/23: £5,125,000).

The Group's cash and investment balances stood at £13,440,000 (31 July 2023: £13,359,000).

As well as providing necessary day to day cash requirements and sufficient cash reserves, the Group intends to invest resources as outlined in the Future Prospects section, below.

Reserves Policy

A reserves policy was approved by the Group's Finance, People & Resources Committee on the 21 February 2024.

A key focus of the Corporation in recent years has been to ensure that the Group has adequate reserves to support its core activities. Monitoring and oversight of the reserves held by the Group is undertaken throughout the year. This is achieved through regular management accounts, cashflow monitoring and updates to our financial forecasts.

The Group's policy for reserves is linked to, and part of, its formal consideration of the Going Concern presumption and an appropriate level of reserves underlies the forecasts and

Reserves Policy (continued)

cashflow projections used by Governors to confirm that the Heart of Yorkshire Education Group is a going concern and that it is able to meet its liabilities as they arise.

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 £53.04m (2022/23: £53.16m).

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 expects to achieve a financial health grade of “Good” for the year ending 31 July 2024.

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 still presents additional financial challenges. Funding levels and the prospects of further public sector budget reductions are still risks to the Group and to the wider sector. Inflation, particularly in respect of staffing and utility costs, continue 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 company Heart of Yorkshire Education Ltd.

Supporting Futures Selby Ltd, a subsidiary company of the former Selby College, was dissolved on 30 January 2024. The financial statements for 2023/24 results and financial position are therefore for the College only.

Heart of Yorkshire Education Ltd is a dormant company.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Student Numbers

In 2023/24 the Group delivered activity that produced £34.2m in recurrent funding body main allocations from the ESFA, The Office for Students and the West Yorkshire Combined Authority (2022/23 - £31.43m). Total student numbers in year were 10,545: this includes learners funded by our main funding bodies in addition to learners funded from other sources (2022/23 – 10,191).

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, we are still experiencing a significant legacy from Covid-19; both in terms of learner behaviour and mental health. This is consistent with information we have received from our partner feeder schools and other FE providers within the sector. 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 2023/24 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.

Economic drivers have continued to have 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 2023/24 was 86.90%. This is consistent with retention rates in 2022/23.

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.

Future Prospects

The Group has agreed total funding body income of £36.49m for the 2024/25 financial year. This includes funding from the Office for Students which has been confirmed at £262,379 for the same period.

The Group has seen a further increase in 16-18 student numbers at the start of the 2024/25 academic year.

Looking forward, the Group will continue to face competition from a variety of schools and colleges across West and North Yorkshire, although feeder year cohort sizes remain strong for the next two years.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Future Prospects (continued)

Transport has 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. Within West Yorkshire there are plans to address the transport infrastructure, but these are likely to take several years to implement.

The Group operates across two combined authorities – West Yorkshire Combined Authority, which is well established and where adult funding has been devolved for a number of years, and York & North Yorkshire Combined Authority, which was established in February 2024. Devolution of adult funding in York & North Yorkshire will be implemented from August 2025. In addition, the Group has an ESFA adult funding contract for non-devolved areas. The amount of funding from each funding stream is uncertain at this stage, but we are well positioned.

The Group is embedded within Local Skills Improvement Plans and has benefitted from Local Skills Improvement Funds within both combined authorities and has also secured Skills Boot Camp funding to develop priority skills in both. The Group will continue to work within the funding infrastructures to grow this type of funding for adult provision.

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:

- To expand the specialist construction workshop accommodation that we have across the Group. This will include the creation of a new DfE funded construction workshop at our Castleford campus (partly funded through the Post-16 Capacity Fund).
- To ensure that there is the necessary accommodation and infrastructure in place to support the further development of entry and lower-level curriculum to facilitate inclusivity.
- To continue to invest in our equipment and facilities, particularly in priority sectors such as Engineering, Automotive, Construction and Health & Social Care to ensure we are operating to industry standards.
- To invest in our IT infrastructure to support the delivery of our Digital Strategy and i-Innovate implementation plans.
- We will continue to invest in safeguarding technology and facilities to ensure our students are kept safe.

In addition to successfully bidding for ESFA capital funding, the Group has also been awarded significant capital grants from the Office for Students and the Local Skills Improvement Fund.

We will continue to pursue any capital funding opportunities that may assist with the delivery of the Group Infrastructure Strategy, which will be reviewed next year, alongside our Strategic Plan.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Future Prospects (continued)

Corporation 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.

Department for Education Changes

In September 2024, the Department for Education (DfE) announced the decision to transfer the current functions of the ESFA into the department. This means that the ESFA as an executive agency will close on Monday 31 March 2025. This change is not expected to have any day to day impact on the Group's 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 2024 the Group staff employed 869 colleagues, of which 367 were teaching staff, 223 were student support staff and 279 were non-teaching staff.
- Tangible resources include the Group campuses in Castleford, Selby and Wakefield.
- The Group has £80.44m of fixed assets. These include land and buildings with a book value of £76.79m, and equipment with a book value of £3.61m.
- At 31 July 2024 the Group held £13.44m of cash, and had net current assets of £5.37m.
- The Group enjoys a high profile and an excellent reputation within and beyond West and North Yorkshire.

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.

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 Group managers, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and

Principal risks and uncertainties (continued)

mitigated and that 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.

- Realising growth in high quality provision through effective recruitment.
- Attracting, retaining and developing a suitable pool of staff talent.
- Effectively delivering our new merged Group structure without impact on the achievement of the Group's strategic objectives.
- Mitigating the after-effects of the pandemic in terms of social and wellbeing impacts on our students.
- Defending the Group from a significant cyber-attack.
- Maintaining the solvency of the Group.
- Embedding a high-quality teaching and learning culture.
- Adequately planning and resourcing an effective safeguarding infrastructure.
- Developing and delivering an effective infrastructure strategy.

Our response to these risks has included:

- Ensuring we have effective management infrastructures, high quality provision and student recruitment strategies in place for all provision types.
- Developing effective staff retention and recruitment processes.
- Embedding effective communications on organisational change.
- Embedding effective student experience and support infrastructures.
- Ensuring staff are effectively trained around cyber safety.
- Continuing to identify operating efficiencies and grow income streams.
- Ongoing focus on achievement rates and targets support and CPD for teaching staff.
- Continuing to ensure safeguarding is primary focus for all staff members.
- Careful estate management and robust planned maintenance.

Relationship with our partners, stakeholders and communities

Stakeholder engagement is a particular strength of the Heart of Yorkshire Education Group and we contribute to and benefit from a broad range of important relationships, as outlined in our External Stakeholder & Employer Engagement Strategy 2022/25 and also our Annual Accountability Statement & Local Needs Duty 2024/25. These include those with:

- Students;
- Parents or Carers of Students;
- Staff;
- National, Regional and Local Employers;

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Relationship with our partners, stakeholders and communities (continued)

- Civic Partners including Wakefield and North Yorkshire Local Authorities; West Yorkshire and York & North Yorkshire Combined Authorities; the Chambers of Commerce; the Federation of Small Business;
- Community and voluntary organisations and members;
- Educational partners including other FE institutions, local schools and universities; the Children's University;
- Trade unions; and
- Professional bodies and Awarding Organisations.

The Group recognises the importance of these relationships and engages in regular communication with them.

The Group is aware of several issues which may impact on future funding, including government policy changes, Growth & Skills Levy plans and devolution of the York & North Yorkshire Combined Authority 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 potential policy reform.

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.

In line with the Public Sector Equality Duty, the Group has published equality objectives. The agreed objectives are outlined below -

- Individuals are treated fairly whilst at one of the Group's colleges, irrespective of characteristics and/or background.
- To identify and address any emerging gaps in achievement across all provision including Study Programmes, Apprenticeships, Adult Provision and HE, for all monitored characteristics.
- To proactively learn from and respond to all feedback related to EDI matters, including complaints, queries, and compliments.
- The Group considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.
- The Group has signed up to the Association of Colleges' Mental Health Charter for staff and students.

Gender Pay Gap

The Group publishes its annual gender pay gap report on its website (March 24 reporting).

- Women earn 77p for every £1 that men earn when comparing median hourly pay. Their median hourly pay is 23.20% lower than men's.
- Women occupy 51% of the highest paid jobs.
- Women occupy 80% of the lowest paid jobs. This proportion of women in lower paid jobs, part time/term time only jobs, contributes to there being a gender pay gap.

The Group is committed to tackle pay inequality and low pay, as demonstrated by paying above statutory minimum wage rates and a commitment to the Living Wage Foundation "Real Living Wage" as a minimum hourly rate. During 2023/24 the Group concluded a full-scale review of its pay and grading structure to address eroded differentials and ensure equity of pay across the Group. This has had a positive impact on the gender pay gap.

Disability Statement

The Group has a range of initiatives aimed at supporting individuals with disabilities. These include:

- Enhancing physical accessibility across all campuses, including regular maintenance and upgrades to accessible facilities.
- Providing state-of-the-art assistive technologies and learning aids to students with specific learning difficulties and disabilities, ensuring they have equal access to educational resources.
- Offering specialised support services such as mental health counselling, disability services, and individualised learning support plans tailored to meet the specific needs of students with disabilities.
- Delivering comprehensive training to staff, equipping them with the knowledge and skills to effectively support individuals with disabilities and foster an inclusive learning and working environment.
- Funding reasonable adjustments in teaching, assessment, and campus activities to ensure fair access to education and opportunities for all students.

The Heart of Yorkshire Education Group recognises its responsibility to create an environment that promotes staff and student wellbeing and that proactively supports staff and student mental health. In June 2019, the Group's commitment to this was endorsed further through the signing of the AoC Mental Health and Wellbeing Charter. As employers, the Group has signed up to the Mindful Employer Charter for employers who are positive about mental health. Employees have access to Employer funded benefits that can provide individuals with access to a range of confidential support mechanisms.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Disability Statement (continued)

As part of our ongoing commitment, we continuously evaluate and update our policies and practices to ensure they align with the evolving needs of individuals with disabilities. We are dedicated to creating an inclusive, supportive environment where everyone can succeed, and we continue to invest in initiatives that promote accessibility and equal opportunity across the group.

Carbon Emissions

We have a strong history on carbon management and have been making further headway.

- We have reduced our carbon emissions by 13% overall to 1203 tonnes, which shows a reduction at each College of: 4% at Castleford; 21% at Selby; and 16% at Wakefield, compared to our position in 2021/22. This has been done through replacing energy sources, through PV solar thermal panels (in place or being reviewed), LED lighting and moving our vehicles to electric to support our carbon management. Moreover, we use buying frameworks with environment standards to support our procurement.
- Environmental considerations are in place for any new builds and refurbishment. We are also increasing biodiversity at our colleges with wildflower areas, tree planting, bug hotels, hedgehog houses and bird boxes.
- Heart of Yorkshire Education Group secured in 2023, a Sustainability Grant, this will address the critical systems identified at Selby and Wakefield College. The grant will provide a significant number of photovoltaic (PV) panels that will generate electricity for the sites. The energy generated will be used specifically at Wakefield College for storage in a series of batteries that will maintain IT systems resilience in the event of power failure.
- In addition, the Group has a continuing commitment of zero waste landfill through our consideration of food waste and through the waste management company we utilise.

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.

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Trade union facility time (continued)

Numbers of employees who were relevant period	FTE employee number
3	2.40

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Total cost of facility time	£10,600
Total pay bill	£29,136,000
Percentage of total bill spent on facility time	0.04%
Time spent on paid trade union activities as a percentage of total paid facility time	8.05%

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 2026, including costs relating to the Group’s capital programme. 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 2026 including a sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities. Whilst provision has been made for the recovery of ESFA funding, following audits 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 2024, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2026.

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

FINANCIAL STATEMENTS
For the year ended 31 July 2024

Going Concern (continued)

2024 budget has seen an increase in employers' national insurance rates, which could add up to £600,000 of cost in a full year, based on current staffing levels. The Chancellor has indicated that additional funding to meet this cost would be made available to the public sector, including further education colleges, but the details of this are yet to be announced.

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 11 December 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 2023 to 31 July 2024 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 with the Code throughout the year ended 31 July 2024 as evidenced by a review considered by the Search and Governance Committee on 4 December 2024 and shared with the Board thereafter.

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.

External Review of Governance

The Group Board commissioned the Association of Colleges to undertake a formal external review of Governance that commenced in January 2024 and ended in early April 2024. The review included interviews with the Principal, Chair, committee Chairs, co-opted governors and the Governance Professional, along with Board and committee observations and a comprehensive review of the past work undertaken by the Board and its committees. The

Statement of Corporate Governance and Internal Control (continued)

External Review of Governance (continued)

reviewer assessed compliance with the principles of the Code of Good Governance, the Education Inspection Framework and the DFE's current guidance, among other things. There was also a particular emphasis on how well the Board structure was functioning following the recent merger with Selby College and the Group's implementation of governance best practice. The final report from this review was received on 22 April 2024. The minor recommendations for improvement arising from this report have been incorporated into an action plan which was approved by the Board on 2 July 2024 and has been published on the Governance page of the Group's website. These actions are, at the time of writing, being implemented. The report concluded as follows:

'The overall conclusion on Board effectiveness is that there is strong evidence that the Board is highly proficient and consistently impacts positively on college strategy, effectiveness, and outcomes.'

Responsibilities under accountability agreements

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 2024

Statement of Corporate Governance and Internal Control (continued)

Members who served the Corporation since 1 August 2023

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 2023/24
Luke Aaron	N/A	October 2023	1 year	March 2024	Student	N/A	Board: 2/2
Mohammed Ayub	N/A	October 2023	4 years	-	External	Board	Board: 4/5
Faye Banks	N/A	July 2023	4 years	July 2024	External	Board and Audit Committee	Board: 2/5 Audit: 1/4
Bea Bassford	N/A	October 2023	1 year	February 2024	Student	N/A	Board: 0/2
Ruth Baxter	N/A	March 2022	4 years	-	Staff	Board and Curriculum and Quality Committee	Board: 4/5 C&Q: 5/5
Jason Brook	N/A	September 2022	4 years	-	External (Co-opted)	Audit Committee	Audit: 4/4
Nigel Brook	N/A	April 2022	4 years	-	External	Board and Audit Committee	Board: 5/5 Audit 4/4
Michael Clarke	N/A	March 2022	4 years	October 2024	External (Co-opted)	Finance, People and Resources Committee	FP&R: ¼
Claire Corneille	Oct 2020	March 2022	4 years	-	External	Board; Remuneration Committee; Finance, People and Resources Committee; and Search and Governance Committee.	Board: 3/5 Rem Co: 1/1 FP&R: 3/4 S&G: 4/4

FINANCIAL STATEMENTS**For the year ended 31 July 2024****Statement of Corporate Governance and Internal Control (continued)****Members who served the Corporation since 1 August 2023 (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 2023/24
Louise Elkington	N/A	March 2024	4 years	-	External	Curriculum and Quality Committee	Board: 2/2 C&Q: 1/1
Dmitry Fedotov (Vice Chair)	July 2017 July 2021	March 2022	4 years	-	External	Board; Curriculum and Quality Committee; Search and Governance; and Remuneration	Board: 3/5 C&Q: 5/5 S&G: 4/4 Rem Co: 0/1
Brian Fisher	N/A	July 2023	4 years	February 2024	Staff	Board	Board: 0/2
Julian Harrison	N/A	April 2022	4 years	May 2024	External (Co-opted)	Curriculum and Quality Committee	C&Q: 2/3
Tony Jackson	N/A	July 2023	4 years	August 2024	Staff	Board and Finance, People and Resources Committee	Board: 5/5 FP&R: 4/4
Annabelle James	N/A	December 2022	4 years		External (Co-opted)	Curriculum and Quality	C&Q: 4/5
George Kilner	N/A	October 2023	1 year	August 2024	Student	N/A	Board: 4/5
Jayne King	N/A	September 2022	4 years	-	External	Board; Finance, People and Resources Committee; Remuneration Committee; and Audit Committee	Board: 5/5 FP&R: 3/3 Rem Co: 1/1 Audit: 1/1
Quinn Leavy	N/A	March 2024	1 year	July 2024	Student	N/A	Board: 0/1

FINANCIAL STATEMENTS

For the year ended 31 July 2024

Statement of Corporate Governance and Internal Control (continued)

Members who served the Corporation since 1 August 2023 (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 2023/24
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; and Remuneration Committee	Board: 5/5 FP&R: 4/4 S&G: 4/4 Rem Co: 1/1
Alex Miles	N/A	March 2022	4 years	-	External (Co-opted)	Curriculum and Quality Committee	C&Q: 3/5
David Powell	Oct 2020	March 2022	4 years		External	Board and Curriculum and Quality Committee	Board: 5/5 C&Q: 5/5
Martyn Shaw	April 2020	March 2022	4 years	-	External	Board; Audit Committee; and Search and Governance Committee	Board: 5/5 Audit: 3/4 S&G: 3/4
Vijay Teeluck	N/A	March 2022	4 years	-	External	Board and Curriculum and Quality Committee	Board: 4/5 C&Q: 3/5
Neil Warren	July 2020	March 2022	4 years	-	External	Board and Finance, People and Resources Committee	Board: 5/5 FP&R: 4/4
Sam Wright	March 2011	March 2022	N/A	-	Principal	Board and Search and Governance Committee	Board: 5/5 S&G: 3/4

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.

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.

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

Statement of Corporate Governance and Internal Control (continued)

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 OBE 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. The Corporation commissioned an external review of governance, as detailed above, during the period.

Having undertaken mandatory safeguarding training the previous year, Governors were required only to read and confirm their understanding of the amended Keeping Children Safe in Education guidance and the Group's updated safeguarding policies and procedures. Governors completed skills audits from which personal development suggestions were made. Online AoC modules were undertaken to address these suggestions. Governors also attended training events specific to their particular governance responsibilities. The Chair attended a number of AoC events in 2023/24 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 2024, 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 specific remuneration and benefits packages of the Accounting Officer and other senior post holders. Details of remuneration for the year ended 31 July 2024 are set out in Note 7 to the financial statements.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee

The Audit Committee comprised between five and six members (including co-optees) 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 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 four times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings Attended
Faye Banks	1/4
Jason Brook (Co-opted)	4 of 4
Nigel Brook (Chair)	4 of 4
Jayne King	1/1
Martyn Shaw	3 of 4

As noted above, Faye Banks was removed from the Board in July 2024 and Jayne King was moved on to the Audit Committee to replace her.

Statement of Corporate Governance and Internal Control (continued)

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 and the OfS registration conditions. 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 2024 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, and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding 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 2024 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.

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

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Risk Management Framework (continued)

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 Group-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.

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.

Statement of Corporate Governance and Internal Control (continued)

The Internal Control and Risk Management Framework (continued)

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 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 four 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 2023/24 and up to the date of the approval of the financial statements (which were reviewed by the Audit Committee) include:

- Health and Safety in respect of which substantial assurance was given and 1 medium priority recommendation was made.
- ILR Submissions in respect of which substantial assurance was given and 1 low priority recommendation was made.
- Key Financial Controls in respect of which substantial assurance was given and 1 medium priority recommendation was made.
- 16-19 work placements in respect of which reasonable assurance was given and 1 medium and 1 high priority recommendations were made. The high priority recommendation was that better, more systematic use be made of information systems and data to plan, set targets and monitor the completion of work placement hours. In response to this, clear lines of responsibility have been set out for planning,

Statement of Corporate Governance and Internal Control (continued)

Statement from the audit committee (continued)

setting criteria and reporting of the achievement of the targeted hours.

In their review of the implementation of recommendations made in the previous year, substantial assurance was given and no recommendations are outstanding.

The ESFA continued its funding assurance review during the period, this time for the academic year 2020/21. Funding and data errors were identified which also included errors relating to funding years prior to 2020/21. As a result, the ESFA instigated recovery action for the amount incorrectly claimed. Throughout, the Committee received updates on the review and the actions taken to guard against erroneous claims being made in the future.

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.

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.

Statement of Corporate Governance and Internal Control (continued)

Review of Effectiveness (continued)

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At a meeting in December 2024, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2024.

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 11 December 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

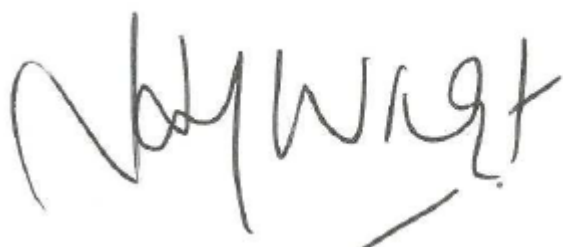
As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility 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 college's accountability agreement, funding agreements and contracts with ESFA and DfE, 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 the following instance of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities has been discovered and has been notified to the ESFA. If any further instances are identified after the date of this statement, these will be notified to the ESFA:

Matters arising

During the financial year ended 31 July 2024 the College made a non-contractual termination payment to an employee in excess of the delegated authority given to the College under the ESFA's bite size guide "college requirements for special payments, including severance, compensation and ex-gratia payments". The amount of the non-contractual special payment that required prior ESFA consent, which was not sought, was £14,595, which was greater than the equivalent of 3 months gross salary.



Sam Wright

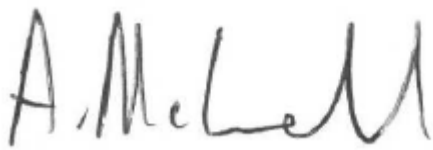
Accounting officer

11 December 2024

**Statement on the Group's Regularity, Propriety and Compliance
(continued)**

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 governors

11 December 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 accountability agreement, 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.

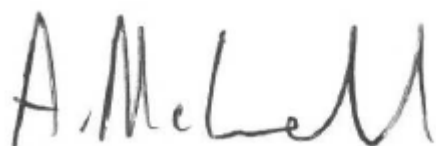
The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial

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

statements since they were initially presented on the website. Legislation in the United 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 accountability agreement, 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 11 December 2024 and signed on its behalf by:



Andrew McConnell OBE
Chair of governors

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 subsidiary (the "Group") for the year ended 31 July 2024 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 2024 and of the Group's and the College's surplus 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 3 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 35 and 36, 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

16/12/2024

CONSOLIDATED AND COLLEGE STATEMENTS OF COMPREHENSIVE INCOME

		Year ended		Year ended	
		31 July 2024		31 July 2023	
		Group	College	Group	College
		£000s	£000s	£000s	£000s
INCOME					
Funding body grants	2	38,748	38,748	35,436	35,436
Tuition fees and education contracts	3	4,614	4,614	4,764	4,764
Other grants and contracts	4	669	669	629	629
Other income	5	1,294	1,294	1,087	1,089
Investment income	6	508	508	141	170
Total income		45,833	45,833	42,057	42,088
EXPENDITURE					
Staff costs	7	31,317	31,317	30,371	30,371
Restructuring costs	7	194	194	83	83
Other operating expenses	8	10,721	10,721	9,722	9,753
Depreciation	12	3,497	3,497	3,373	3,373
Interest and other finance costs	10	-	-	120	120
Total expenditure		45,729	45,729	43,669	43,700
Surplus/(Deficit) for the year		104	104	(1,612)	(1,612)
Remeasurement on net defined pension benefit scheme		(219)	(219)	5,576	5,576
Total Comprehensive income for the year attributable to the Corporation of the College		(115)	(115)	3,964	3,964

All of the above activities relate to continuing operations. The notes on pages 46 to 75 form part of these financial statements.

The 2022/23 comparative figures are for college transactions and consolidated group transactions, which include the Supporting Futures Selby Ltd transactions. SFS Ltd was dissolved in January 2022 and therefore the 2023/24 figures are for college transactions.

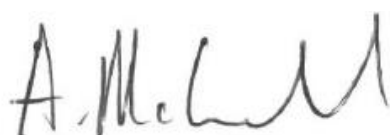
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 £000s	2023 £000s
Net cash flow from operating activities	21	3,228	5,125
Cash flows from investing activities			
Withdrawal/(placement) of deposits		3,500	(6,000)
Payments made to acquire fixed assets		(3,613)	(2,613)
		(113)	(8,613)
Cash flows from financing activities			
Interest received		466	141
Increase/(decrease) in cash and cash equivalents in the year		3,581	(3,347)
Cash and cash equivalents at beginning of the year	22	4,359	7,706
Cash and cash equivalents at end of the year	22	7,940	4,359

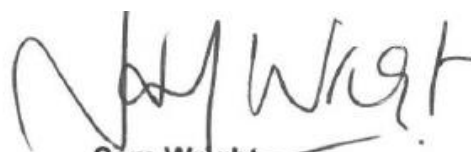
CONSOLIDATED AND COLLEGE BALANCE SHEETS AS AT 31 JULY

	Notes	2024		2023	
		Group £000s	College £000s	Group £000s	College £000s
Non-current assets					
Tangible fixed assets	12	80,403	80,403	80,288	80,288
Endowments and investments	13	39	39	38	38
		80,442	80,442	80,326	80,326
Current assets					
Trade and other receivables	14	1,766	1,766	1,078	1,078
Current Investments	15	5,500	5,500	9,000	9,000
Cash at bank and in hand	22	7,940	7,940	4,359	4,359
		15,206	15,206	14,437	14,437
Less: Creditors – amounts falling due within one year	16	(9,833)	(9,833)	(9,945)	(9,945)
Net current assets		5,373	5,373	4,492	4,492
Total assets less current liabilities		85,815	85,815	84,818	84,818
Creditors – amounts falling due after more than one year	17	(30,167)	(30,167)	(28,929)	(28,929)
Provisions for liabilities					
Defined benefit pension scheme	23	-	-	-	-
Other provisions	18	(2,568)	(2,568)	(2,695)	(2,695)
Total net assets		53,080	53,080	53,194	53,194
Restricted reserves:					
Endowment Fund	13	39	39	38	38
Unrestricted reserves					
Income and expenditure		43,778	43,778	43,741	43,741
Revaluation reserve		9,263	9,263	9,415	9,415
Total unrestricted reserves		53,041	53,041	53,156	53,156
Total reserves		53,080	53,080	53,194	53,194

The financial statements on pages 42 to 75 were approved and authorised for issue by the Corporation on 11 Dec 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 AND COLLEGE)

	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2022	39	39,606	9,585	49,230
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)	-
Total comprehensive income for the year	(1)	4,135	(170)	3,964
Balance at 31 July 2023	38	43,741	9,415	53,194
Surplus from the income and expenditure account	1	104	-	105
Other comprehensive income	-	(219)	-	(219)
Transfers between revaluation and income and expenditure reserves	-	152	(152)	-
Total comprehensive income for the year	1	37	(152)	(114)
Balance at 31 July 2024	39	43,778	9,263	53,080

The notes on pages 46 to 75 form part of these financial statements.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024

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 2023 to 2024 and Regulatory Advice 9; Accounts Direction issued by OfS 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 Group 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 (only traded in 2022/23) and Heart of Yorkshire Education Ltd controlled by the group. SFS Ltd was dissolved in January 2022 and is therefore included in comparative figures only. 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 Group does not control those activities.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

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 2026 with sensitivity analysis, and this is subject to close frequent monitoring. The Group has no bank loans or overdraft facilities. Whilst provision has been made for the recovery of ESFA funding, following audits 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 2024, demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2026.

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 2026), 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.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

For 2023/24 the ESFA has confirmed that they will meet claims of up to 110% of contract value of AEB. This is not reflected in the AEB contract with West Yorkshire Combined Authority where claims are limited to 100% of contract value.

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 2023 to 31 July 2024
(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 based on the valuation of the assets at the latest triennial valuation as adjusted for

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

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.

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

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

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.
- 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.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

1 Accounting Policies (continued)

- *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 2024. 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 obligation.

2 Funding Body Grants

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Recurrent grants				
Education and Skills Funding Agency - 16-18	27,986	27,986	25,198	25,198
Education and Skills Funding Agency - apprenticeships	3,087	3,087	3,687	3,687
Education and Skills Funding Agency - adult	2,832	2,832	2,219	2,219
Office for Students	297	297	328	328
Specific Grants				
Releases of government capital grants	1,210	1,210	1,187	1,187
Local Education Authorities	1,247	1,247	1,045	1,045
Teacher Pension Scheme contribution grant	1,162	1,162	908	908
Education and Skills Funding Agency – 16- 19 tuition fund	519	519	509	509
FECT Capital transformation funds	86	86	61	61
Education and Skills Funding Agency - Other	322	322	294	294
Total	38,748	38,748	35,436	35,436

The Group spent £519,000 of 16-19 tuition fund grant from the EFSA.

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

3 Tuition Fees and Education Contracts

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
UK Higher Education students	3,554	3,554	3,563	3,563
UK Further Education students	480	480	670	670
Apprenticeship Fees	69	69	29	29
International student fees	8	8	38	38
Total fees paid on behalf of individual	4,111	4,111	4,300	4,300
Education contracts	483	483	456	456
Apprenticeship contracts	20	20	8	8
Sub Total	503	503	464	464
Total	4,614	4,614	4,764	4,764

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

Details of grant and fee income	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Grant income from the Office for Students	297	297	328	328
Grant income from other bodies	38,451	38,451	35,108	35,108
Total grants	38,748	38,748	35,436	35,436
Fee income for taught awards (exclusive of VAT)	3,554	3,554	3,563	3,563
Fee income for non-qualifying courses	1,060	1,060	1,201	1,201
Total fees	4,614	4,614	4,764	4,764
Total grant and fee income	43,362	43,362	40,200	40,200

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

4 Other Grants and Contracts

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Other grants and contracts	669	669	629	629
Total	669	669	629	629

5 Other Income

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Catering operations	424	424	442	442
Releases of other government capital grants	215	215	156	156
Transport Income	50	50	122	122
Miscellaneous income	605	605	367	369
Total	1,294	1,294	1,087	1,089

6 Investment Income

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Other investment income	466	466	141	141
Gift aid distribution from subsidiary	-	-	-	28
Other interest receivable	-	-	-	1
Net interest on defined benefit pension scheme (note 23)	42	42	-	-
Total	508	508	141	170

**Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)**

7 Staff Costs

The average number of persons (including key management personnel) employed by the Group during the year and disclosed on an average headcount basis, was:

	2024		2023	
	Group No.	College No.	Group No.	College No.
Teaching Staff	367	367	386	386
Student Support	223	223	232	232
Non-teaching Staff	279	279	258	258
	869	869	876	876

Staff costs for the above persons

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Wages and salaries	22,572	22,572	21,985	21,778
Social security costs	2,068	2,068	1,545	1,530
Other pension costs	4,496	4,496	5,138	5,135
Payroll sub total	29,136	29,136	28,668	28,443
Contracted out staffing services	2,181	2,181	1,703	1,928
Total	31,317	31,317	30,371	30,371
Restructuring costs - contractual	132	132	67	67
- non contractual	62	62	16	16
Total Staff costs	31,511	31,511	30,454	30,454

Staff were awarded a 6.50% increase in 2023/24, with effect from 1 December 2023. The date of payment of the 2022/23 increase of 3.50% was September 2023, but it was effective from 1 February 2023 and was backdated to that date.

The Group made severance payments to 7 staff in the banding of £0 - £25,000 and 2 staff in the banding £25,001 to £50,000 which are included in the £194,000 restructuring costs above.

Included in staff restructuring costs are special severance payments totalling £62,097 (2022/23 £15,941). Individually, the payments were: £5,154, £7,653, £8,457 (with £600 legal costs included in other operating expenses), £10,238, £14,595 (with £420 legal costs included in other operating expenses) and £16,000.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(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 Group and are represented by the individuals listed earlier (page 2) in these financial statements.

Emoluments of key management personnel, Accounting Officer and other staff

	2024	2023
	No	No
The number of key management personnel including the Accounting Officer was:	7	8

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:

	2024	2023	2024	2023
	Key Management Personnel		Other Staff	
	No	No	No	No
£60,001 to £65,000	1	-	4	-
£70,001 to £75,000	-	-	1	-
£75,001 to £80,000	-	1	-	-
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	1	2	-	-
£90,001 to £95,000	1	-	-	-
£95,001 to £100,000	2	-	-	-
£100,001 to £110,000	-	1	-	-
£115,001 to £120,000	1	-	-	-
£170,001 to £175,000	-	1	-	-
£195,001 to £200,000	1	-	-	-
Total	7	6	5	-

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

7 Staff Costs (continued)

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

	2024	2023
	£000s	£000s
Basic Salaries	756	703
	756	703
Pension contributions	158	138
Total key management personnel compensation	914	841

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 £96,000 (2022/23 - £91,000).

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

	2024	2023
	£000s	£000s
Salaries	197	175
	197	175
Pension contributions	49	40
Total	246	215

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 is approved by the Group's Remuneration Committee. For the year to 31 July 2024, a written resolution was approved to award a bonus of £5,000 to the Accounting Officer on the 24 November 2023. On the 19 February 2024, it was agreed by the Remuneration Committee that the Accounting Officer would receive the same Pay Award as made to all other staff. Therefore the amounts shown above include a 6.50% increase for 2023/24, with effect from 1 December 2023 and the 2022/23 increase of 3.50%, paid in September 2023, but effective from 1 February 2023 and backdated to that date.

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 2024 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 is covered by the Senior Staff Remuneration Code.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

7 Staff Costs (continued)

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.

	2024	2023
	No.	No.
Basic salary as a multiple of median basic salary of staff	5.78	5.61
Total remuneration as a multiple of median total remuneration of staff	6.13	5.80

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.

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 Group 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 Group other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The total travel and subsistence expenses paid to or on behalf of the Governors during the year was £847 to 3 governors (2022/23: £700 to 1 governor*)

**2022/23 figures have been updated.*

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

8 Other operating expenses

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Teaching costs	4,107	4,107	3,786	3,786
Non – teaching costs	3,959	3,959	3,284	3,315
Premises costs	2,655	2,655	2,652	2,652
Total	10,721	10,721	9,722	9,753

Surplus before taxation is stated after charging:

	Group and College	
	2024 £000s	2023 £000s
Auditors' remuneration (excluding VAT):		
Financial statements audit	91	75
Internal audit	15	18
Other services provided by the financial statements' auditors	13	22
Operating lease rentals	82	30

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	-	-	-
Write off and losses	17,555	6,524	The total value relates to 26 individual debts written off in the year (one of these was above £5,000)
Guarantees, letters of comfort and indemnities	-	-	-

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

9 Access and participation expenditure – Group and College

	2024	2023*
	£000s	£000s
Access investment	68	136
Financial support to students provided	43	55
Support for disability students		-
Research and evaluation (relating to access and participation)	23	17

The Group’s Access and Participation Plan is available on the Group’s website at:
<https://www.heartofyorkshire.ac.uk/higher-education/office-for-students>

**2022/23 figures have been amended as planned, not actual figures were disclosed.*

10 Interest and other finance costs – Group and College

	2024	2023
	£000s	£000s
Net interest on defined pension scheme (note 23)	-	120
Total	-	120

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.

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

12 Tangible fixed assets – Group and College

	Land and Buildings Freehold	Long Leasehold	Equipment	Assets in the course of construction	Total
	£000s	£000s	£000s	£000s	£000s
Cost or valuation					
At 1 August 2023	100,033	932	6,767	175	107,907
Additions	1,721	-	1,369	523	3,613
Disposals	(2)	-	(363)	-	(365)
At 31 July 2024	101,752	932	7,773	698	111,155
Depreciation and impairment					
At 1 August 2023	23,792	379	3,448	-	27,619
Charge for the year	2,384	37	1,076	-	3,497
Elimination in respect of disposals	(1)	-	(363)	-	(364)
At 31 July 2024	26,175	416	4,161	-	30,752
Net book value at 31 July 2024	75,577	516	3,612	698	80,403
Net book value at 31 July 2023	76,241	553	3,319	175	80,288

'F' Block (Wakefield Campus) was previously marketed for sale and the asset was impaired to £1,200,000. Due to increasing student numbers, the property has been reincorporated into the Group's core estate and has been partly refurbished. £515,000 of the refurbishment cost is included in the Cost figures above.

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 Education Group on merger include 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 2023 to 31 July 2024
(continued)

12 Tangible fixed assets – Group and College (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:

	£000s
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

13 Endowments and investments

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Endowments	39	39	38	38
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.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

14 Trade and other receivables

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Amounts falling due within one year:				
Trade receivables	460	460	195	195
Other debtors	7	7	8	8
Prepayments and accrued income	900	900	442	442
Amounts owed by the Education & Skills Funding Agency	399	399	433	433
Total	1,766	1,766	1,078	1,078

Trade receivables includes a provision for bad debts of £41,000 (2022/23 - £39,000).

15 Current Investments – Group and College

	2024 £000s	2023 £000s
Short term deposits	5,500	9,000
Total	5,500	9,000

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.

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

16 Creditors: amounts falling due within one year

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Trade payables	610	610	825	825
Other creditors	555	555	523	523
Other taxation and social security	499	499	617	617
Accruals and deferred income	4,439	4,439	4,641	4,641
Holiday pay accrual	474	474	566	566
Government capital grants	1,477	1,477	1,220	1,220
Government revenue grants	30	30	307	307
Amounts owed to the Education & Skills Funding Agency	1,749	1,749	1,246	1,246
Total	9,833	9,833	9,945	9,945

17 Creditors: amounts falling due after one year

	2024		2023	
	Group £000s	College £000s	Group £000s	College £000s
Government capital grants	30,167	30,167	28,929	28,929
Total	30,167	30,167	28,929	28,929

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

18 Provisions – Group and College

	Enhanced pensions £000s	Defined benefit obligations £000s	Total £000s
At 1 August 2023	2,695	-	2,695
Utilised in the year	(259)	177	(82)
Released/additional provision in the year	134	42	176
Actuarial (gain)/loss	(2)	(219)	(221)
At 31 July 2024	2,568	-	2,568

The enhanced pension provision relates to the cost of staff who have already left the Group's employment and commitments for reorganisation costs from which the Group 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:

	2024	2023
Price inflation	2.80%	2.80%
Discount rate	4.80%	5.00%

19 Capital commitments – Group and College

	2024 £000s	2023 £000s
Contracts for future capital expenditure	161	1,151

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(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:

	2024	2023
	£000s	£000s
Other		
Future minimum lease payments due		
Not later than one year	21	20
Later than one year and not later than five years	30	37
Total	<u>51</u>	<u>57</u>

21 Note to Consolidated Statement of Cash Flows

		2024	2023
	Notes	£000s	£000s
Cash flow from operating activities			
Surplus/(deficit) for the year		104	(1,612)
Adjustment for non-cash items			
Depreciation/impairment		3,497	3,373
(Increase)/decrease in debtors		(688)	230
(Decrease)/increase in creditors due within one year		(112)	4
Increase in creditors due after one year		1,238	2,338
Decrease in provisions		(127)	(336)
Pensions costs less contributions payable	23	(177)	1,149
Adjustment for investing or financing activities			
Investment income		(466)	(141)
Pension interest		(42)	120
Loss on disposal of fixed asset		1	-
Net cash flow from operating activities		<u>3,228</u>	<u>5,125</u>

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

22 Analysis of changes in net funds - Group

	At 1 August 2023 £000s	Cash flows £000s	At 31 July 2024 £000s
Cash	4,359	3,581	7,940
Current asset investments	9,000	(3,500)	5,500
	13,359	81	13,440

23 Retirement benefits

The employees of the Group 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 2023 to 31 July 2024
(continued)

23 Retirement benefits (continued)

Total pension cost for the year

	2024	2023
	£000s	£000s
Teachers' Pension Scheme:	2,678	2,479
Local Government Pension Scheme:		
Contributions paid*	1,863	1,603
FRS102(28) charge	(177)	1,149
Charge to the Statement of Comprehensive Income	1,686	2,752
Defined contributions paid	-	3
Enhanced pension charge to statement of comprehensive income	132	(96)
Total Pension Cost for year within staff costs	4,496	5,138

Contributions amounting to £555,000 (2022/23: £523,000) 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 group 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 Group has set out above the information available on the plan and the implications for the Group in terms of the anticipated contribution rates.

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(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 28.68% of pensionable pay from 1 April 2024 until 1 April 2028 (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 2025.

The pension costs paid to TPS in the year amounted to £2,678,000 (2022/23: £2,479,000).

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 2024 was £2,467,000 of which employer’s contributions totalled £1,863,000 and employees’ contributions totalled £633,000. The current employer contribution rate increased from 17.8% to 18.4% from April 2024 and future contributions have been notified as 19.0% from April 2025. Employee contributions are between 5.5% and 12.5% dependent on salary according to a national scale.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an FE body in the statutory sector closure, where there is no transfer or

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

23 Retirement benefits (continued)

merger, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 12 November 2024.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 and updated to 31 July 2024 by a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries (for year 1 only)	7.00%	7.00%
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%	5.00%
Inflation assumption	2.00%	8.90%

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

	At 31 July 2024 Years	At 31 July 2023 Years
Aged 65 at accounting date:		
Males	20.8	21.0
Females	24.0	24.1
Active member aged 45 at accounting date:		
Males	21.7	22.2
Females	24.7	25.1

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

	Fair Value of Assets at 31 July 2024 £000s	Fair Value of Assets at 31 July 2023 £000s
Equity instruments	61,860	56,347
Government bonds	6,865	5,205
Corporate bonds	3,120	3,165
Property	2,106	2,321
Cash	2,106	2,743
Other	1,950	563
Total fair value of plan assets	78,007	70,344

Heart of Yorkshire Education Group
FINANCIAL STATEMENTS
For the year ended 31 July 2024



Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(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:

	2024	2023
	£000s	£000s
Fair value of plan assets	78,007	70,344
Present value of plan liabilities	(61,694)	(59,182)
Present value of unfunded liabilities	(74)	(81)
Restriction to level of asset ceiling before interest on asset restriction	(16,239)	(11,081)
Net pension asset recognised in Balance Sheet	-	-

The value of the group'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:

	2024	2023
	£000s	£000s
Amounts included in staff costs		
Current service cost	(1,668)	(2,752)
Past service cost	(18)	-
Total	(1,686)	(2,752)
Amounts included in interest and other finance costs		
Net interest income/(cost)	42	(120)
Total	42	(120)
Amount recognised in Other Comprehensive Income		
Remeasurement of net defined benefit pension scheme	(219)	5,576
Total	(219)	5,576

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

23 Retirement benefits (continued)

Changes in the present value of defined benefit obligations

	2024	2023
	£000s	£000s
Defined benefit obligations at start of period	59,263	72,697
Current service cost	1,668	2,752
Past service cost	18	-
Interest cost	2,912	2,448
Contributions by Scheme participants	633	561
Actuarial loss/(gain)	15	(17,171)
Estimated benefits paid	(2,741)	(2,024)
Defined benefit obligations at end of period	61,768	59,263

Changes In fair value of plan assets

	2024	2023
	£000s	£000s
Fair value of plan assets at start of period	70,344	68,390
Interest on plan assets	3,512	2,328
Return on plan assets (excluding net interest on the net defined benefit liability)	4,396	(514)
Employer contributions	1,863	1,603
Contribution by Scheme participants	633	561
Estimated benefits paid	(2,741)	(2,024)
Fair value of plan assets at end of period	78,007	70,344
Actual return on plan assets	7,908	1,814

Notes to the Financial Statements for the Period 1 August 2023 to 31 July 2024
(continued)

23 Retirement benefits (continued)

The Group is aware that the Court of Appeal has recently upheld the decision in the Virgin Media vs NTL Pension Trustees II Limited case. The decision puts into question the validity of any amendments made in respect of the rules of a contracted-out pension scheme between 6 April 1997 and 5 April 2016. The judgment means that some historic amendments affecting s.9(2B) rights could be void if the necessary actuarial confirmation under s.37 of the Pension Schemes Act 1993 was not obtained. Until further investigations have been completed by the UK Government's Actuary's Department and/or any legislative action taken by the government, the potential impact if any, on the valuation of scheme liabilities remains unknown.

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

Supporting Futures Selby, a subsidiary of the Group, ceased trading in December 2022, therefore no goods were purchased by the College from the subsidiary in 2023/24 (2022/23 – £246,000) and no goods and services were sold to its subsidiary (2022/23 - £1,500). No amounts were owed by or to the company 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

Qualified 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") and the Department for Education (the DfE) 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 2023 to 31 July 2024 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, except for the matters arising listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matters arising

During the financial year ended 31 July 2024 the College made a non contractual termination payment to an employee in excess of the delegated authority given to the college under the ESFA's bite-size guide "college requirements for special payments, including severance, compensation and ex-gratia payments". The amount of the non contractual special payment that required prior ESFA consent, which was not sought, was £14,595, which was greater than the equivalent of 3 months gross salary.

Basis for qualified 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. We believe the assurance evidence we have obtained is sufficient to provide a basis for our qualified conclusion.

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.

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)

Reporting accountant's responsibilities for reporting on regularity (continued)

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 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 2023 to 31 July 2024 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

Date:

16/12/

2024

ACRONYM GLOSSARY

AEB	Adult Education Budget
AoC	Association of Colleges
DfE	Department for Education
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ESFA	Education and Skills Funding Agency
FE	Further Education
FEC	Further Education Commissioner
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
GDPR	General Data Protection Regulation
HE	Higher Education
HIA	Head of Internal Audit
ICAEW	Institute of Chartered Accountants in England and Wales
IAS	Internal Audit Service
ILR	Individual Learner Record
ISA	International Standards on Auditing
IT	Information Technology
KPI	Key Performance Indicator
LGPS	Local Government Pension Scheme
LLP	Limited Liability Partnership
LSIF	Local Skills Improvement Fund
N/A	Not Applicable
NSS	National Student Survey
NYPF	North Yorkshire Pension Fund
OBE	Order of the British Empire
OfS	Office for Students
ONS	Office for National Statistics
PI	Performance Indicator
RICS	Royal Institute of Chartered Surveyors
SFS	Supporting Futures Selby
SORP	Statement of Recommended Practice
TPS	Teachers' Pension Scheme
VAT	Value Added Tax
WYCA	West Yorkshire Combined Authority
WYPF	West Yorkshire Pension Fund