

Milton Keynes College Group
Report and Financial Statements
for the year ended 31 July 2023

CONTENTS

	Page number
Reference and Administrative Details	3
Strategic Report	4
Statement of Corporate Governance and internal control	14
Statement of Regularity, Propriety and Compliance	22
Statement of Responsibilities of the Members of the Corporation	23
Independent Auditor's Report on the Financial Statements	24
Reporting Accountant's Report on Regularity	28
Consolidated Statements of Comprehensive Income and Expenditure	30
Consolidated and College Statement of Changes in Reserves	31
Balance Sheets	32
Statement of Cash Flows	33
Notes to the Financial Statements	34

REFERENCE AND ADMINISTRATIVE DETAILS

Board of Governors

A full list of Governors is given from page 14 to 15 of these financial statements.

Clerk / Company Secretary

Karen Brown, Head of Governance, acted as Clerk to the Corporation (from 14 November 2022), supported by Samantha Samuels, Governance Partner.

Judicium Education was contracted to provide interim clerking services from 1 August 2022 to 14 November 2022.

Key management personnel / Executive Leadership Team

Sally Alexander:	CEO & Group Principal (from 1 November 2022). Previously Acting CEO from 1 September 2022 to 31 October 2022)
Annie Allen:	Chief People Officer
Miranda Coles:	Chief Financial Officer (Interim) (to 31 July 2023)
Jason Mansell:	Chief Operating Officer (from 1 February 2023). Previously Principal: Quality and Student Experience.
Dr Julie Mills OBE:	CEO & Group Principal (to 31 August 2022)
Alex Warner:	Principal: Curriculum Innovation and Pedagogy

Principal and Registered Office

Milton Keynes College, Chaffron Way Campus, Woughton Campus West, Leadenhall, Milton Keynes, MK6 5LP

Professional advisers

External Auditors: Buzzacott LLP 130 Wood Street London EC2V 6DL	Bankers: Lloyds Bank Plc 249 Silbury Boulevard Central Milton Keynes MK9 1NA
Internal Auditors: Validera (formerly Haines Watts): Sterling House 97 Lichfield Street Tamworth Staffordshire B79 7QF	Solicitors: Howes Percival Nene House 4 Rushmills Northampton NN4 7YB

STRATEGIC REPORT

The Board of Governors presents its annual report together with the financial statements and auditor's report for the year ended 31 July 2023.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Milton Keynes College (the College). The Corporation is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The structure of Milton Keynes College Group (MKCG) includes the College (campus provision, prison education, and the South Central Institute of Technology (SCIoT)) and the following subsidiary companies:

- Prison Education Training Services (MK) Limited (previously dormant) dissolved 24/10/23
- Milton Keynes Manpower Forum Limited (previously dormant) dissolved 31/10/23
- The Code Makers Academy Limited (dormant since 1/5/23)
- MKC Commercial Limited

There are two campuses (at Chaffron Way in Milton Keynes and Bletchley) and 30 regional prisons.

Mission, Vision, Strategy and Objectives

MKCG launched the new *Fairer Futures* five-year strategy in the period 2020/21. The vision is *to use the power of education to create opportunities, champion talent and deliver fairer futures*. It includes the 'means' (to achieve the vision) and the 'why' i.e.

"We inspire positive social change in the people and communities we serve through delivering exceptional learning experiences to transform lives, achieving our vision of a fairer future for all."

Strategic aims

The strategic aims set out what MKCG seeks to achieve over the duration of the strategy. These aims are designed to be flexible enough to adapt to changing environments and specific enough to anchor the vision and purpose. The aims are to:

1. Drive aspirational, innovative, and student-focussed educational experiences.
2. Deliver the skills needed by employers to aid productivity.
3. Develop meaningful partnerships to grow influence and create opportunities.
4. Promote and live fairness, equality, diversity, and inclusion.
5. Achieve and maintain financial and operational sustainability.
6. Create organisational unity around a shared vision and purpose.

The strategic aims were reviewed with the Executive Leadership Team (ELT) and Senior Leadership Team (SLT), and Board of Governors in July 2023 and agreed as still being relevant and applicable to driving forward the Fairer Futures Strategy.

Resources

MKCG employs 1,015 people (expressed as headcount), of whom 604 are teaching staff.

MKCG enrolled over 16,404 students in 2022-23 (13,845 in the prior year). The college had 9,894 student enrolments, compared to 7,990 last year. The college student enrolments include 5,506 16-to-18-year-olds (2021-22 – 4,851), 760 apprentices (2021-22 – 658), 196 HE Students (2021-22 – 207) with the remainder being other Adults. Within Prison Services the college delivered education to a further 6,510 students (5,855 – 2021-22).

MKCG has £28.360m of net assets (2022: £12.682m net assets) with a £0m pension liability (2022: £15.338m). MKCG has no long-term debt (2022: £nil).

Tangible resources include two campuses within Milton Keynes including the substantial investment within the Institute of Technology.

The college has a good reputation locally and nationally. In its last Ofsted inspection in 2017 it was rated Good.

Stakeholders

In line with other colleges and universities, MKCG has many stakeholders. These include:

- Students
- Education sector funding bodies
- Staff
- Local employers
- Employer responsive bodies
- Local authorities
- Local Enterprise Partnerships (LEPs) / Chambers of Commerce Federation of Business and City Council Business Council
- The local community
- Community groups
- Other FE and HE institutions such as Open University, MK:U, Cranfield University, Oxford brooks and Northampton University
- Trade unions
- Professional bodies
- Ministry of Justice (MoJ)
- Regional & national employers Anglian Water, Network Rail, Red Bull, Mercedes F1, Careys, Santander, KMPG, Microsoft

MKCG recognises the importance of collaboration with partners and stakeholders and works to develop relationships through meetings, forums, marketing, and networking. This enables MKCG to adjust the curriculum to meet local, regional, and national needs and enhance the student experience e.g. through guest speakers, sponsorship of equipment and workplace experiences.

Public benefit

Milton Keynes College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Board of Governors Body, who are trustees of the charity, are disclosed on pages 14 - 15.

In setting and reviewing the MKCG's strategic priorities, the Board of Governors 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, MKCG provides identifiable public benefits through the advancement of education, delivering 16,404 student enrolments, including 212 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. MKCG adjusts its courses to meet the needs of local employers and provides training to 760 apprentices. The college is committed to providing information, advice, and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The city of Milton Keynes is one of the fastest growing in the UK. It has high levels of employment and hence very low levels of unemployment. This has benefitted students, many of whom have progressed into good jobs and started careers in professional services, logistics, customer services, sports and leisure and engineering to name just a few sectors.

MKCG is at heart a community institution with the overarching charitable and community goal to provide first class education and educational services which enhance the life chances of its students, their families, and the communities in which they reside. MKCG is proud that it represents the whole community not just part.

DEVELOPMENT AND PERFORMANCE

Financial review

The College made a deficit of £1.2m in 2022/23 but part of this was caused by a revaluation of college's share of the Local Government Pension Scheme assets and liabilities. Excluding this (and other non-cash items), the College's operating performance was £0.339m which was in line with the approved Budget. This is a small reduction from the previous year as it included a responsible pay award to support staff in the cost-of-living crisis.

The college group received 83% of its total income for 2022/23 as grants from funding bodies, with 34% coming from the Education and Skills Funding Agency for 16-18 provision. This is almost identical to the prior year.

Net cash flow from operating activities was (£0.8m) (2022: £1.2m).

The College has undertaken a £7.992m part DfE funded Capital Transformation Fund (CTF) project to improve its Chaffron Way Campus. DfE provided a grant of £4.014m with the College contributing £3.978m. The CTF is due to be completed in September 2024.

The College is currently updating its Decarbonisation Plan and Lifecycle Plan to enable it to prioritise £0.958m of DfE Capital Grants awarded in 2022/23.

The College will be undertaking a detailed Estates review in 2023/24 to inform its Estates Strategy and support bidding for funding for its Estate to meet forecast student number growth.

The College has one active subsidiary company, MK Commercial Limited. The principal activity is resourcing staff for the College. There is no surplus generated by the subsidiary this year.

The MKCG year-end net current assets show an asset of £2.219m (2021/22 liability of £1.837m).

MKCG total net assets were £28,360m (2021/22 net asset of £12.682m). The year-on-year movement is primarily due to a reduction in the Pension Benefit Obligation of £15.34m.

MKCG has a year-end cash balance of £7.835m (2021/22 £6.813m).

Tangible fixed asset additions during the year amounted to £17.059m i.e. Land & Buildings £0.212m, Equipment £0.396m and Computers £0.341m. Additions to assets in course of construction Bletchley SCIoT £10.222m and Adaptations £6.1m.

Cash flows and liquidity

There was a £0.732m net cash outflow (2021/22 £4.4239m net cash inflow) from operating activities and an inflow of £1.753m (2021/22 outflow £3.023m) from investing activities.

Sources of income

MKCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23 the Further Education (FE) funding bodies provided 48% of MKCG's total income. The MoJ provides 35% of MKCG's income. The diversity of total income ratio is 17%, which is in excess of the recent General Further Education (GFE) benchmark of 14.5%.

FUTURE PROSPECTS

Future developments

MKCG has invested in its facilities, with an extension to, and redevelopment of, the ITC building at Chaffron Way Campus and the recent completion of the SCIoT building in Bletchley. These developments enable MKCG to increase student recruitment and offer more high-quality teaching and learning spaces. They allow MKCG to develop the technical course offering in specifically designed areas. New courses have been designed and will be delivered, aligned to the local and regional economies.

The sector is currently facing changes with the defunding of BTECs and introduction of T-Levels, which will continue to impact curriculum design. To mitigate this risk MKCG is reforming its curriculum offer, including starting the delivery of four new A level Pathways in September 2024.

The College is also working with local employers to develop new courses highlighted in the Local Skills Improvement Plan, both short courses and longer courses aimed at both the 16-18 market and adults. This will increase student recruitment through both the broader range of courses on offer and the higher standard of delivery.

MKCG continues to thrive, fulfilling an essential role in the heart of its communities through instilling its values of inspiration, excellence, innovation, respect, integrity and belonging into everything it does.

MKCG has submitted tenders for the new Prison Education Services (PES) Contracts, which are due to commence on 1 April 2025, following the conclusion of the current Prison Education Framework (PEF) Contracts.

Our work to meet employer needs has led to a range of exciting projects. These include our innovative partnership with Silverstone to place our Hospitality and Catering students in their facility to develop real work skills. This real-life partnership is working with Silverstone to train its future workforce, with all students also becoming part of the Silverstone Occasional Worker workforce to provide additional real work experience. This has enhanced the learning and skills development, through an inspirational learning journey which supports the development of outstanding skills, knowledge, and behaviours, producing industry ready employees, leading to employment.

The SClot building at Bletchley has been completed and it opened formally in June 2023. The curriculum has continued to develop and grow in partnership with key stakeholders.

The apprenticeship provision has been through considerable change and successfully transitioned from Apprenticeship Frameworks to Apprenticeship Standards; new funding rules and the robust assessment methods have been embraced. The apprenticeship team has a wide scope of provision that is supporting local and national employers. MKCG works closely across the local community ensuring it plays an active role in understanding skills requirements and fulfilling skills needs through community, civic, education and employer-focussed activities.

MKCG was a key contributor to the MK 2050 future planning strategy and co-delivered MK Learning 2050. MKCG continues to be actively involved with the Milton Keynes Secondary Heads Network and is the current chair of the Post 16 Education Steering Group which comprises of a mix of schools, FE and Higher Education (HE) providers. At a regional level, MKCG is an active participant in the South East Midlands Local Enterprise Partnership (SEMLEP) having previously completed a term as chair of the group.

MKCG has led the Local Skills Improvement Fund (LSIF) bid submission across the five SEMLEP colleges. This project is part of a long-term change programme to invest in new facilities, provision, and teaching expertise needed to deliver the skills priorities set out in the Local Skills Improvement Plans (LSIPs). Phase 2 of the LSIF project is due to be completed by the end of March 2025.

MKCG has been successful in using market intelligence to identify sector trends at both industry and occupational level. This has enabled MKCG to secure capital funding to continue to review and grow areas linking back to local demand.

Leaders and managers have continued to invest in and develop industry-standard and excellent facilities and resources. Teachers use these effectively to enthuse and inspire learners. For example:

- Milton Keynes College is the lead provider of the South-Central Institute of Technology and have invested £18m into the Bletchley Campus to deliver this new facility and Digital upskilling (including Higher Education) for the region.
- Through Capital Transformation Fund and Decarbonisation planning, the College will invest £8m into the Estate to support its Sustainability commitments.
- Brand new and purpose-built Engineering and Construction facilities have been developed and been in receipt of £3.6m investment.
- The College invested Strategic Development funds (£2m) to develop curriculum such as: Artificial Intelligence, Leadership and Management, and Green Skills.

Financial plan

The Board of Governors has challenged the ELT to deliver financial sustainability.

MKCG is committed to observing the importance of sector measures and indicators and uses the *FE Choices* data available on the GOV.UK website which looks at measures such as success rates. MKCG is required to complete an annual College Financial Forecasting Return (CFFR) for the ESFA.

Treasury policies and objectives

Treasury management is the management of MKCG’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. MKCG has a separate Treasury Management Policy in place which includes its banking arrangements. Following the Office for National Statistics (ONS) reclassification of colleges, future borrowing must be authorised by the Department for Education (DfE).

Reserves

MKCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support MKCG’s core activities. MKCG reserves include £6.040m held in revaluation reserve. As at the balance sheet date the Income and Expenditure reserve stands at £22,320m (2021/22 surplus of £6.563m).

The Income and Expenditure reserve includes Pension Provisions of £nil (2021/22 - £15.338m). MKCG reserves include £nil (2022: £nil) held as restricted reserves.

It is the Corporation’s intention to begin increasing non-pension related reserves over the life of the strategic plan, with the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

MKCG has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Board of Governors has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A strategic risk register is maintained at the college level which is reviewed at each Audit & Risk Committee, three times a year. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on MKCG and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the college are outlined below along with the action taken to minimise them. Not all the factors are within MKCG’s control. Other factors besides those listed below may also adversely affect MKCG.

Key Strategic Risk (highest priority)	Mitigations
Safeguarding: Harm to students, staff and members of the wider college community.	Group Safeguarding Strategy, subject to annual review, which is supported by appropriate policies and procedures and training for all Staff.
Data breach resulting in a fine and reputational damage.	Approved policies and procedures which are regularly updated. Online Data Protection training for all Staff. Annual Information Security Training and acknowledgement of the Acceptable Usage Policy by all Staff.
Cyber Attack: Financial and / or data losses and reputational damage as a result of a cyber-attack.	Information Security Policy. Use of Content Filters and Multi Factor Authorisation. Active scanning for vulnerabilities.
Financial losses and/or reputational damage as a result of failing to effectively manage the Institute of Technology Project	Close monitoring by ELT and the Board of Governors’ Capital Project Monitoring Group. Comprehensive student recruitment plan for AY22/23. Financial monitoring.

Based on the strategic plan, on an ongoing basis, the MKCG Risk Management Group (RMG) undertakes a comprehensive review of the high-level risks which pose a threat to the achievement of strategic objectives. The RMG considers systems and procedures, including specific preventable actions, to mitigate potential impacts. Where considered necessary, new controls are introduced, and/or existing internal controls are further strengthened, whether this be in the form of challenge and scrutiny by the RMG, or reviews undertaken by MKCG's Internal Auditors. In addition, the RMG considers risks which may arise as a result of a new area of work being undertaken and any such changes to the MKCG's risk profile will be considered as part of an ongoing review of the Internal Audit Strategy and Plan. The Risk Management Policy was reviewed and updated during the latter part of 2022/23. This now includes a detailed assessment of the Colleges risk appetite to inform future developments, ensuring any risks taken are in a considered and controlled manner and commensurate with the potential reward.

A lower priority strategic risk is the reliance on continued government funding through the FE sector funding bodies and through the Office for Students (OfS). In 2022/23, 83% of MKCG's revenue was ultimately publicly funded, and this level is expected to continue. This risk is mitigated in several ways:

- Effective Employer Engagement.
- High quality education and training delivery.
- Maintaining and managing key relationships funding bodies.
- A focus on provision which provides a solid financial contribution and on priority sectors which will continue to benefit from public funding.
- Close engagement with the MoJ.

Buildings and infrastructure is an operational risk

A comprehensive asset conditions survey was carried out of the campus estate (Chaffron Way and Bletchley) in 2019 which highlighted the need for investment in the estate and infrastructure (which had suffered from limited investment previously). The survey informed a 5-year Estates Plan.

Modernising and making the estate fully fit for purpose will require further investment, enabling MKCG to deliver an outstanding learning, and working environment, further enhancing the student and staff experience, increase efficiencies to meet the sustainability agenda and reduce running costs. MKCG has been successful in securing significant grant funding to support capital developments. To note the Estates Strategic review referred to on Page 6.

Student achievements

Student achievement (Campus)

MKCG students continue to prosper. Achievement rates remained high in 2022/23 and 95% of students moved into employment, further or higher education after completing their college course.

In 2022/23 clear progress has been made to improve achievement rates and other academic Key Performance Indicators (KPIs). This is positive in the year that the country has been in a cost-of-living crisis.

- 16-18 overall achievement, including English and maths, finished at 81.9%, which is an 0.2 percentage point improvement on 2021/22.
- All ages overall achievement, including English and maths, finished at 83.5%, which is a 0.4 percentage point improvement on 2021/22.
- Adult overall achievement finished at 85.5%, which is 0.1 percentage points above 2021/22.
- GCSE English high grades (MIDES) finished at 31%, which is 7 percentage points above the national average.
- GCSE maths high grades (MIDES) finished at 16%, which is 2 percentage points above the national average.
- English Functional Skills actual achievement finished at 75.2%, which is 14.5 percentage points above the 2021/22 outturn.
- Maths Functional Skills actual achievement finished at 55.4%, which is 12.2 percentage points above the 2021/22 outturn.
- Higher Education achievement finished at 79.6%, a 2.7 percentage points lower than 2021/22.
- Overall Apprenticeships finished at 55.9%, which is 8.4 percentage point less than 2021/22.

Student achievement (Prison Services)

The Prison Education Framework (PEF) Contract commenced on 1 April 2019 and is now into year five of the contract. From 1 April 2023 MKCG took on the additional responsibility of the Kent, Surrey, and Sussex region, adding a further 10 prisons to our portfolio. MKCG now delivers learning and skills in 30 prisons across four PEF Lots: LTHSE North, LTHSE South, South Central and Kent, Surrey, and Sussex, and the Education contract at HMP Fosse Way through its partnership with Serco.

MKCG has continued to deliver strong achievement rates in Prison Services. Across the hybrid year, between 1 August 2022 to 31 July 2023 (inclusive of Kent, Surrey, and Sussex data from 1 April onwards), across the 29 prisons, (excluding Fosse Way) MKCG engaged with 7,723 individual prisoners to deliver 16,050 individual qualifications with an achievement rate (Actual Success) of 96.5%. Within this Functional Skills English achievement (Actual Success) was 92.5% and Functional Skills maths achievement (Actual Success) was 86.4%.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2022 to 31 July 2023, MKCG paid 95 per cent of its invoices within 30 days. MKCG incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

MKCG is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Reviewing utilisation of areas with sensors, reducing energy consumption for gas.
- Continuing the project started in 2020/21 to install LEDs across the Chaffron Way Campus, including the ITC.
- Delivering the Capital Transformation Fund (CTF) project to improve windows, roofs, and insulation at the Chaffron Way Campus, which will reduce heat loss and improve MKCG's energy efficiency.

MKCG's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2023 UK Government's Conversion Factors for Company Reporting are as follows:

UK Greenhouse gas emissions and energy use data for the period	1 August 2022 to 31 July 2023	1 August 2021 to 31 July 2022
Energy consumption used to calculate emissions (kWh)	3,944,934	5,418,167
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	264.4	560.2
Owned transport	1.2	0.7
Total	265.6	560.9
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	512.8	449.4
<u>Scope 3 emissions in metric tonnes CO₂e</u>		
Business travel in employee-owned vehicles	4.5	5.5
Total gross emissions in metric tonnes CO₂e	782.9	1,015.9
<u>Intensity ratio</u>		
Metric tonnes CO ₂ e per student/FTE/staff member	1.376 (Staff)	1.173 (Staff)
	0.037 (floor area)	0.028 (floor area)

Intensity ratio

The chosen intensity measurement ratio is emissions per staff member.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires publication of information on facility time arrangements for trade union officials.

Numbers of employees in the relevant period	FTE employee number
19	18.8

Percentage of time	Number of employees
0%	
1-50%	19
51-99%	
100%	

Total cost of facility time	£15,073
Total pay bill	£32.046m
Percentage of total bill spent on facility time	0.05%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

EQUALITY AND DIVERSITY

Equality

MKCG is committed to ensuring equality of opportunity for all who learn and work within it. It is a signatory of the [Race at Work Charter](#). It holds [Leaders in Diversity](#) status to be reviewed in Q4 2024. It respects and values positively differences in age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief and sexual orientation. It strives vigorously to remove conditions which place people at a disadvantage and works to be fully inclusive in its approach. Its commitment to equal opportunities is implemented, and monitored, on a planned basis through the Equality Strategy Review Group (ESRG) and MKCG publishes an Equality, Diversity and Inclusion (EDI) Report and Equality Objectives to ensure compliance with all relevant legislation. MKCG has also established five employee networks (employee resource groups) which represent the organisational demography.

MKCG undertakes equality impact assessments on all new policies, procedures and organisational changes. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

MKCG aligns with the [Mindful Employer Charter](#) initiative to assist the mental health and wellbeing of colleagues and is also a [Disability Confident](#) employer. MKCG has also employed a dedicated Equality, Diversity, and Inclusion Manager. MKCG also provides an Equality and Diversity online training programme which is mandatory for all colleagues. Refresher training and training for new starters is carried out regularly. MKCG has trained mental health first aiders who respond quickly to support students’ and staff needs.

Gender pay gap reporting

	Year ending 31 March 2023
Mean gender pay gap	7.2%
Median gender pay gap	6.3%
Mean bonus gender pay gap	59.1%
Median gender bonus gap	28.2%
Proportion of males/females receiving a bonus	1.1%/0.7%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	19.9%	80.1%
2 – Lower Middle Quartile	26.8%	73.2%
3 – Upper Middle Quartile	38.2%	61.8%
4 – Upper quartile	38.6%	61.4%

MKCG publishes its annual gender pay gap report on its website.

[MKCG Gender & Ethnicity Pay Gap Report 22-23 \(mkcollege.ac.uk\)](https://www.mkcollege.ac.uk/gender-ethnicity-pay-gap-report-22-23)

Ethnic pay gap reporting

MKCG publish their Ethnicity Pay Gap report alongside the Gender Pay Gap Report. This has been published since 2021.

The link to the Gender & Ethnicity Pay Gap Report 2022-23 [MKCG Gender & Ethnicity Pay Gap Report 22-23 \(mkcollege.ac.uk\)](https://www.mkcollege.ac.uk/gender-ethnicity-pay-gap-report-22-23)

Disability statement

MKCG seeks to achieve the objectives set down in the Equality Act 2010:

- (a) on an ongoing basis, any redevelopment of buildings ensures the installation of lifts and ramps so that most of the facilities will allow access to people with a disability.
- (b) MKCG has a Director of Inclusion who provides strategy and the implementation of advice and guidance and coordinates support where necessary for students with disabilities so that no student is left behind. The Equality and Diversity Policy is available on the College website.
- (c) there is a list of specialist equipment, such as lighting and audio facilities, which MKCG can make available for use by students.
- (d) the Admissions Policy for all students is available on our website. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- (e) MKCG has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of colleague development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- (f) specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.
- (g) Colleagues are involved in decision making through representation on the Governing Body, the ESRG, and Employee Networks for LGBTQ, Disability, Cultural Diversity, Women and Men. The College works collaboratively with the recognised trades unions, UCU and Unison.

GOING CONCERN

After making appropriate enquiries, the Board of Governors considers that MKCG has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

There have not been any events.

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 MKCG'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 MKCG's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:



David Meadowcroft
Chair of Governors

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

GOVERNANCE CODE

MKCG 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);
- ii. in full accordance with the guidance to colleges from the Association of Colleges (AoC) in The Code of Good Governance for English Colleges (“the Code”)

In the opinion of the Board of Governors, MKCG complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code reported to the Board of Governors on 8 November 2023. 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 issued by the AoC in March 2015, which it formally adopted on 12th November 2015. The Board of Governors approved revisions to the Code on 13 July 2022 to be effective from 1 August 2022. At the time of writing, the Corporation is considering adopting the AoC revised Code from 1 August 2024. An external governance review will take place in Spring 2024.

THE CORPORATION

Members of the Corporation (Board of Governors)

The members who served during the year and up to the date of signature of this report were as listed in the table below.

<i>Name</i>	<i>Date of appointment</i>	<i>Term of Office</i>	<i>Date of Resignation / Retirement</i>	<i>Status of appointment</i>	<i>Committees Served</i>	<i>Attendance in 2022/23 at Corporation Meetings (i.e. Board & formal Committees*)</i>
Maria Abbas	25.11.22	1 year	12.7.23	Student		4/6
Sally Alexander	1.9.22	Ex officio		College CEO and Group Principal	Search & Governance	17/17
Richard Bartlett-Rawlings	13.7.22 (2 nd term)	3 years		Independent	Audit & Risk	11/13
Alan Cook CBE	31.7.22 (2 nd term)	1 year		Independent	Audit & Risk (Chair) Remuneration	16/16
Peter Cox	19.07.20 (3 rd term)	3 years	31.7.23	Independent	Audit & Risk	12/13
Kaye Dwight	07.10.20	3 years	31.7.23	Staff		9/9
Mateusz Gotkowski	13.7.22 (2 nd term)	3 years		Independent	Audit & Risk	11/13
Sean Hainsworth	13.07.22	3 years		Staff		8/9
Dr Leroi Henry	1.8.23 (1 st term)	3 years		Independent		n/a
Jacob Jempson	25.11.22	2 years		Student		6/6
Shalom Lloyd	06.12.21 (1 st term)	3 years	22.8.23	Independent		6/9

Name	Date of appointment	Term of Office	Date of Resignation / Retirement	Status of appointment	Committees Served	Attendance in 2022/23 at Corporation Meetings (i.e. Board & formal Committees*)
David Meadowcroft	04.05.21 (3 rd term)	3 years		Independent	Chair of Corporation Remuneration	10/12
Dr Julie Mills OBE	01.02.11	Ex Officio	31.8.22	College CEO and Group Principal	Search & Governance	n/a
Rebecca Myrie	18.9.23	3 years		Staff		n/a
Amit Nayyar	1.8.23 (1 st term)	3 years		Independent	Audit & Risk Remuneration	n/a
Angela Novell	28.10.22 (1 st term)	3 years		Independent	Remuneration	6/7
Adebimpe Rosemary Ogunade	16.11.23	2 years		Student		n/a
Balvinder Kaur Parmar	07.02.21 (2 nd term)	3 years		Independent	Remuneration Search & Governance	13/18
Charlyne Pullen	13.7.22 (3 rd term)	3 years	12.7.23	Independent	Search & Governance (Chair)	12/12
Ian Revell	10.06.21 (1 st term)	3 years		Independent	Search & Governance (Chair Oct 23)	16/17
Sufian Sadiq	31.1.22 (1 st term)	3 years	6.6.23	Independent		4/7
Neil Sainsbury**	13.7.22 (2 nd term)	3 years		Independent		8/9
Gwynneth Tan	19.07.20 (3 rd term)	3 years	12.7.23	Independent	Remuneration (Chair)	9/12
Manish Verma	13.7.22 (2 nd term)	3 years		Independent	Search & Governance	12/17
Jeremy Wilsdon	28.10.22 (1 st term)	3 years		Independent		3/6
Tom Wraight	1.8.23 (1 st term)	3 years		Independent		n/a
Karen Brown, Head of Governance, acted as Clerk to the Corporation (excluding the period 1 August to 14 November 2022), supported by Samantha Samuels, Governance Partner. Judicium Education was contracted to provide interim clerking services from 1 August 2022 to 14 November 2022.						

* Audit & Risk, Remuneration, Search & Governance

** Sabbatical 25/9/23 - 31/1/24

Meeting attendance at Board and formal committees in 2022/23 was:

- Board 85%
- Audit & Risk Committee 83%
- Search & Governance Committee 85%
- Remuneration Committee 93%

Additionally, Governors met as members of the Curriculum & Quality Group, Finance Group, Property Development Monitoring Group, Capital Projects Monitoring Group (which are not formal committees). A Board Selection Committee convened to oversee the recruitment and appointment of the CEO and COO.

The Governance Framework

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

The Board of Governors is provided with regular and timely information on the overall financial performance of MKCG together with other information such as performance against funding targets, proposed capital expenditure, quality and the student experience, personnel related matters, health & safety, equality, and diversity, safeguarding and environmental issues. The Board of Governors met nine times and held an 'Awayday'.

Business is conducted through regular corporation meetings, three formal committees (Audit & Risk, Remuneration and Search & Governance) and Task & Finish Scrutiny Groups. Each committee / group has terms of reference which have been approved by the Board of Governors. The Audit & Risk Committee met four times, the Search and Governance Committee met eight times, and the Remuneration Committee met three times (one meeting was virtual). There was a mix of 'in person' and online meetings.

Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are available on the website (mkcollege.ac.uk) or from the clerk at:

Milton Keynes College
Bletchley Campus
Sherwood Drive
Bletchley
Milton Keynes
MK3 6DR

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

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

Formal agendas, papers and reports are made available to Governors in a timely manner, prior to meetings. Briefings are provided on an ad-hoc basis.

The Board of Governors has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Board of Governors 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 are separate. The CEO & Group Principal is the MKCG Accounting Officer.

Appointments to the Board of Governors

Any new Governor appointments are a matter for the consideration of the Board of Governors as a whole. The **Search and Governance Committee**, consisting of four members of the Board of Governors is responsible for the selection and nomination of any new member for the Board of Governors consideration. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Governors are appointed for a term of office not exceeding four years (usually three years). Members may apply to serve a further term (the maximum is usually three terms i.e., nine years but exceptionally four terms).

Corporation performance

The Board of Governors assesses its performance through a range of activities including self-assessment and feedback from the MKCG Leaders and Managers. In 2017, Ofsted judged leadership and management at the College, including governance, to be 'good'.

The Board of Governors carried out a self-assessment of its own performance for the year ended 31 July 2023 and graded itself as "Good" on the Ofsted scale.

The Board of Governors has considered DfE guidance on external governance reviews and has commissioned an external reviewer to carry out a formal review in Spring 2024. A summary of findings will be reported next year.

The Board of Governors is committed to development which in 2022/23 included:

- Briefing on Sector Challenges by the AoC
- Preparing for Ofsted by the AoC and a former HMI
- Briefing on LSIPs by the Chief Executive of the Local Chamber
- Webinars and briefings on ONS reclassification / Managing Public Money / revisions to the Audit Code of Practice and RSAQ by the External Auditor
- Briefing on Prison Education Priorities by HMPPS
- Board responsibilities and assurance on Safeguarding & Prevent, SEND and EDI facilitated by College Leaders.
- SEND Workshop by FE Commissioner
- ETF Safeguarding online module (Safeguarding Link Governors)
- ETF Governance Development Programme (self-managed programme of online learning).
- AoC Induction (new Independent Governors)
- Internal Induction (new Independent Governors, one co-opted, two Student Governors, one Staff Governor).
- AoC Governance Conference (Head of Governance, Governance Partner).
- AoC / ETF Programme for Governance Professionals: Induction (Governance Partner)
- Eversheds Sutherland Webinars: Company Law Refresher (Head of Governance)
- AoSEC Networking Meetings for Governance Professional (Head of Governance and Governance Partner)
- Mandatory Online Training (Governors, Head of Governance, Governance Partner): Safeguarding, Prevent, SEND, Health & Safety, Data Security

Remuneration Committee

Throughout the year ending 31 July 2023, the Remuneration Committee comprised five members of the Board of Governors. The committee's responsibilities include decisions on the remuneration and benefits of the Accounting Officer and other senior post holders.

The Board of Governors has adopted the AoC Senior Post Holder Remuneration Code and publishes an annual report on the website in accordance with the Code.

Details of the remuneration of key management personnel, including senior post holders, for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprises four Independent members of the Board of Governors (excluding the Accounting Officer, Chair of Governors, Staff Governors and Student Governors) and a co-opted governor. The committee operates in accordance with written terms of reference approved by the Board of Governors.

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

The internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit and Risk 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 and Risk Committee also advises the Board of Governors on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board of Governors. The contract for internal audit was subject to competitive tender in 2021/22 resulting in a change of internal auditors. The contract for external audit was subject to competitive tender in 2023 and the existing external auditors were re-appointed.

The Audit and Risk Committee met four times in the year to 31 July 2023. The members of the committee and their attendance records are shown below:

Committee Member	Number of Meetings Attended
Richard Bartlett-Rawlings	4/4
Alan Cook CBE (Chair)	4/4
Peter Cox	3/4
Jasmine Fergusson (co-opted)	2/2
Mateusz Gotkowski	2/4

Members have the appropriate skills and experience to challenge and support management. The Committee Chair has extensive governance and financial experience. Other members include two qualified accountants and a retired corporate lawyer.

INTERNAL CONTROL

Scope of responsibility

The Board of Governors is ultimately responsible for MKCG'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 Board of Governors has delegated the day-to-day responsibility to the CEO & Group Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to the CEO & Group Principal in the Funding Agreement between MKCG and the funding bodies. The CEO & Group Principal is also responsible for reporting to the Board of Governors on any material weaknesses or breakdowns in internal financial 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 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 for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Governors.
- Regular reviews by the Board of Governors of periodic and annual financial forecasts which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which MKCG is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit & Risk Committee. At least annually, the Head of Internal Audit (HIA) provides the Board of Governors (via the Audit & Risk Committee) with a report on internal audit activity. The report includes the HIA's independent opinion on the adequacy and effectiveness of the MKCG's system of risk management, controls, and governance processes.

Risks faced by the Corporation

The Board of Governors has an Audit and Risk Committee that meets at least three times per year with an agenda to seek assurance on risk management arrangements and assurance from management as well as from independent bodies such as the internal audit service, statutory financial statements auditor and other key reference bodies, including commissioning specific reviews where they are considered appropriate. Risks are assessed and scored against likelihood and impact then recalibrated after mitigating actions are taken, to arrive at a net risk score. The highest scoring risks receiving the greatest scrutiny. The committee reports its findings and levels of assurance to the Board of Governors regularly.

The principal risks are reported above in the Strategic Report.

Control weaknesses identified

The internal auditors identified the following 'significant' weaknesses in MKCG's systems to which management has responded:

- Identity and Access Management. A recommendation was made that 'Personal Computers' should be set to auto log out if left unattended and offices should be locked when left unattended'. The action has since been implemented.

The Audit & Risk Committee is satisfied that the actions taken are sufficient to address the control weakness.

Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for colleges on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit & Risk Committee

Based on the work of the Audit & Risk Committee as set out in its annual report and the work of internal audit, the Audit & Risk Committee has advised the Board of Governors that the Corporation does have an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation does have effective internal controls in place.

The specific areas of work undertaken by the Audit and Risk Committee in 2022/23 and up to the date of the approval of the financial statements include:

- Risk management arrangements and the Strategic Risk Register.
- Internal audit: agreeing the annual strategy and plan, reviewing audit reports, and approving the management response, tracking progress in implementing recommendations. The following areas were subject to internal audit relating to the period 1 August 2022 to 31 July 2023:
 - Risk Management. 'Adequate' assurance with two 'amber' recommendations.
 - HR Health Check. 'Adequate' assurance with three 'amber' and four 'green' recommendations.
 - Prisons Contracts. 'Substantial' assurance (highest level) with one 'green' recommendation
 - Identity and Access Management Review. 'Adequate' assurance with one 'red' and one 'amber' recommendation.
 - Information Governance. 'Substantial' assurance (highest level) with two 'amber' and one 'green' recommendation
 - Counter Fraud Health Check. 'Adequate' assurance with two 'green' recommendations.
 - Health, Safety and Wellbeing. 'Adequate' assurance with four 'amber' and one 'green' recommendation.
 - Student Records. 'Adequate' assurance with three 'amber' and one 'green' recommendation.
 - Campus Management – Capital Projects. 'Substantial' assurance (highest level) with no recommendations.
 - ESFA Sub-Contracting Standard. No opinion given
- External audit: agreeing the annual strategy and plan and reviewing the post-audit management report.
- Ensuring compliance with the Post-16 Audit Code of Practice
- Agreeing changes to the Financial Regulations and recommending to the Board of Governors for approval.

Review of effectiveness

As Accounting Officer, the CEO & Group Principal has responsibility for reviewing the effectiveness of the system of internal control. The CEO & Group Principal's review of the effectiveness of the system of internal financial control is informed by:

- The work of the internal auditors.
- The work of the MKCG executive managers who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the financial statement's auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk 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 CEO & Group Principal, ELT and SLT receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The CEO & Group Principal, ELT, SLT and the Audit and Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

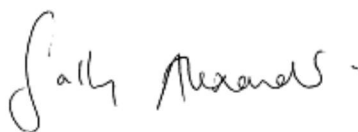
The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors agenda includes a regular item for consideration of risk and control and receives reports thereon from the ELT and Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the ELT and internal audit and taking account of events since 31 July 2023.

Based on the advice of the Audit and Risk Committee and the Accounting Officer, the Corporation is of the opinion that MKCG 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 corporate body and the safeguarding of their assets'*.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:



David Meadowcroft
Chair of Governors



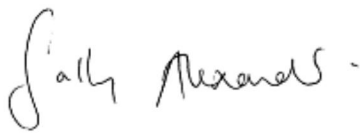
Sally Alexander
CEO & Group Principal

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Sally Alexander
Accounting Officer
13 December 2023

On behalf of the Corporation, I confirm that the Accounting Officer has discussed her statement of regularity, propriety, and compliance with the Board of Governors and that I am content that it is materially accurate.



David Meadowcroft
Chair of Governors
13 December 2023

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and its surplus/deficit of income over expenditure for that period.

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.
- 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 which 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 which enables 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; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United 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 the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:



David Meadowcroft
Chair of Governors

Independent auditor's report to the Corporation of Milton Keynes College Group

Opinion

We have audited the financial statements of Milton Keynes College (the 'parent college') and its subsidiaries (the 'Group') for the year ended 31 July 2023 which comprise the group statement of comprehensive income, the group and parent statement of changes in reserves and balance sheet, the group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements give a true and fair view of the state of the Group's affairs as at 31 July 2023 and of the surplus for the year then ended.
- In all material respects, funds from whatever source administered by the provider for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- In all material respects, funds provided by the Office for Students (OfS), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions.
- In all material respects, the requirements of the Office of Students (OfS) accounts direction have been met.

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 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 members of the Corporation's 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 and the parent 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 members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members of the Corporation are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matter in relation to which the Office for Students (OfS) requires us to report to you, if in our opinion:

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

Responsibilities of the members of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of 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 members of the Corporation are responsible for assessing the Group's and the parent 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 members of the Corporation either intend to liquidate the Group and the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities, and skills to identify or recognise non-compliance with applicable laws and regulations.
- We identified the laws and regulations applicable to the Group and the parent College through discussions with management, and from our knowledge and experience of the sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the parent College, including the Further and Higher Education Act 1992,

funding agreements with the Education and Skills Funding Agency and associated funding rules, Education and Skills Funding Agency regulations, data protection legislation, anti-bribery, safeguarding, employment, health, and safety legislation.

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's and the parent College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Tested journal entries to identify unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation.
- Reading the minutes of Corporation meetings.
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing any available correspondence with HMRC and the parent College's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at 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 members of the Corporation, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the members of the Corporation those matters we are required 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 parent College and the members of the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 20 December 2023

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Milton Keynes College Group and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 4 October 2018 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by MKCG during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of MKCG and 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 MKCG and 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 MKCG and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Milton Keynes College Group and the reporting accountant

The Corporation of MKCG is responsible, under 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 that govern them.

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

Approach

We conducted our engagement in accordance with the Code issued by the Education and Skills Funding Agency. We performed a limited assurance engagement as defined in that framework.

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 consequently 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. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the Corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the MKCG's activities.
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 20 December 2023

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
INCOME					
Funding body grants	2	44,134	44,134	38,684	38,684
Tuition fees and education contracts	3	5,190	5,190	4,535	4,535
Other income	4	3,674	3,674	5,734	5,734
Total income		52,998	52,998	48,953	48,953
EXPENDITURE					
Staff costs	5	36,463	33,670	34,740	32,940
Fundamental restructuring costs	5	81	81	221	221
Other operating expenses	6	15,154	17,990	14,332	16,132
Depreciation	8	1,963	1,963	1,447	1,447
Interest and other finance costs	7	495	495	753	753
Total expenditure		54,156	54,199	51,492	51,492
Deficit before tax		(1,158)	(1,200)	(2,539)	(2,539)
Taxation		-	-	-	-
Deficit for the year		(1,158)	(1,200)	(2,539)	(2,539)
Actuarial gain in respect of pensions schemes	16	16,836	16,836	36,730	36,730
Total Unrestricted Comprehensive Income for the year		15,677	15,636	34,191	34,191

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1 August 2021	(27,706)	6,198	(21,508)
Deficit from the income and expenditure account	(2,539)	-	(2,539)
Other comprehensive income	36,730	-	36,730
Transfers between revaluation and income and expenditure reserves	79	(79)	-
Total comprehensive income for the year	34,270	(79)	34,191
Balance at 31 July 2022	<u>6,563</u>	<u>6,119</u>	<u>12,682</u>
Deficit from the income and expenditure account	(1,158)	-	(1,158)
Other comprehensive income	16,836	-	16,836
Transfers between revaluation and income and expenditure reserves	79	(79)	-
Total comprehensive income for the year	15,757	(79)	15,678
Balance at 31 July 2023	<u>22,320</u>	<u>6,040</u>	<u>28,360</u>
College			
Balance at 1 August 2021	(27,665)	6,198	(21,467)
Deficit from the income and expenditure account	(2,539)	-	(2,539)
Other comprehensive income	36,730	-	36,730
Transfers between revaluation and income and expenditure reserves	79	(79)	-
Total comprehensive income for the year	34,270	(79)	34,191
Balance at 31 July 2022	<u>6,605</u>	<u>6,119</u>	<u>12,724</u>
Deficit from the income and expenditure account	(1,200)	-	(1,200)
Other comprehensive income	16,836	-	16,836
Transfers between revaluation and income and expenditure reserves	79	(79)	-
Total comprehensive income for the year	15,715	(79)	15,636
Balance at 31 July 2023	<u>22,320</u>	<u>6,040</u>	<u>28,360</u>

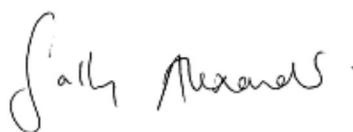
Balance sheets as at 31 July

	Notes	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Non-current assets					
Tangible Fixed assets	8	58,066	58,066	42,801	42,801
		58,066	58,066	42,801	42,801
Current assets					
Stocks		14	14	11	11
Trade and other receivables	10	7,868	7,868	4,061	4,103
Cash and cash equivalents	13	7,833	7,833	6,813	6,813
		15,715	15,715	10,885	10,927
Less: Creditors – amounts falling due within one year	11	(13,496)	(13,496)	(12,722)	(12,722)
Net current assets /(liabilities)		2,219	2,219	(1,837)	(1,795)
Total assets less current liabilities		60,285	60,285	40,964	41,006
Creditors – amounts falling due after more than one year	12	(31,925)	(31,925)	(12,944)	(12,944)
Provisions					
Defined benefit obligations	16	-	-	(15,338)	(15,338)
Total net assets		28,360	28,360	12,682	12,724
Unrestricted Reserves					
Income and expenditure account		22,320	22,320	6,563	6,605
Revaluation reserve		6,040	6,040	6,119	6,119
Total unrestricted reserves		28,360	28,360	12,682	12,724

The financial statements on pages 30 to 48 were approved and authorised for issue by the Corporation on 13 December 2023 and were signed on its behalf on that date by:



David Meadowcroft
Chair of Governors



Sally Alexander
CEO & Group Principal

Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(1,158)	(2,539)
Adjustment for non-cash items			
Depreciation		1,963	1,447
(Increase)/ Decrease in stocks		(3)	4
(Increase) in debtors		(3,807)	(1,645)
Increase in creditors due within one year		721	3,412
Pensions costs less contributions payable		1,003	2,807
Released Deferred Capital Grant		(643)	(173)
Adjustment for investing or financing activities			
Interest payable		495	753
Net cash flow from operating activities		(1,429)	4,066
Cash flows from investing activities			
Deferred Capital Grants received		19,677	8,205
Payments made to acquire fixed assets		(17,228)	(11,055)
Cash flows from financing activities			
2,449 (2,850)			
Interest paid		-	(1)
- (1)			
Increase in cash and cash equivalents in the year			
		1,020	1,216
Cash and cash equivalents at beginning of the year	13	6,813	5,598
Cash and cash equivalents at end of the year	13	7,833	6,813

Notes to the Accounts

1. 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 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College 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 College's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Milton Keynes Manpower Forum Limited (dormant throughout the period and now dissolved), Prison Education Training Services (MK) Limited (dormant throughout the period and now dissolved), Code Makers Academy Limited (became dormant in April 2023) and MKC Commercial Limited. All financial statements are made up to 31 July 2023.

Going concern

The activities of the College, 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 College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College has net current assets of £2,219k. The cash balance has grown by £1,020k during the year.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

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 and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited directly 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 College 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 College 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 income and expenditure account in the period in which it is earned on a receivable basis.

Agency Arrangements

The College 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 college where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College 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 College 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.

Buckinghamshire 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.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

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 College. Any unused benefits are accrued and measured as the additional amount the College 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 a college 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 college's 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 FE 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

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 60 years. There was a review of all Freehold building in 2016, and following detailed site surveys, all major Freehold building lives adjusted to 80 years. All non-core building works asset lives remained as before. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life and refurbishment is depreciated over 10 years. The exception is for leasehold buildings where all improvements are depreciated over the remaining term of the lease.

Finance costs which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1992 but not to adopt a policy of revaluations 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 College, 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:

- Motor vehicles - 33% on a straight-line basis
- General equipment - 15 or 25% on a straight-line basis
- Computer equipment - 20% on a straight-line basis
- Adaptations - 10% on a straight-line basis
- Furniture and Fittings - 15 or 25% on a straight-line basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

There are no borrowing costs in this period, normally they would be recognised as expenditure in the period in which they are incurred.

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 and Expenditure. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

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.

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 college 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.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Taxation

The College 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 College 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 College is partially exempt in respect of Value Added Tax, so that it can only recover around 2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, 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 College 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 comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College 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 College. 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.

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 College 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.
- Prudent assumptions used for future cashflows forecasts, including factoring in potential COVID related risks including reduction in income.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, 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.

- *Dilapidations*

The College has a building dilapidation provision to provide for estimated repairs for premises it has vacated. This estimate was based upon the landlord's surveyors report, taking into account the probable likelihood of specific repairs needing to be carried out prior to handing the premises back to the property owner.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability 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 16, 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 liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – 16-18	17,846	17,846	16,980	16,980
Education and Skills Funding Agency – Adult	2,382	2,382	1,803	1,803
Education and Skills Funding Agency - Apprenticeships	2,908	2,908	2,712	2,712
Office for Students	99	99	33	33
Specific grants				
Ministry of Justice – Prison Education Framework	19,033	19,033	16,062	16,062
Teacher Pension Scheme contributions grant	1,224	1,224	922	922
Releases of government capital grants	643	643	173	173
Total	44,134	44,134	38,684	38,684

3 Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	366	366	280	280
Apprenticeship contracts	393	393	156	156
Fees for FE loan supported courses	507	507	622	622
Fees for HE loan supported courses	563	563	698	698
Total tuition fees	1,829	1,829	1,756	1,756
Education contracts	3,362	3,362	2,780	2,780
Total	5,190	5,190	4,536	4,536

4 Other income	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	680	680	491	491
Other income generating activities	1,682	1,682	640	640
Other Initiatives	101	101	3,016	3,016
Commercial Activities/ Miscellaneous Income	607	607	589	589
Bursary Income	604	604	997	997
Total	3,674	3,674	5,734	5,734

5 Staff costs – Group and College

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

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	No	No	No	No
Teaching staff	604	554	450	449
Non-teaching staff	412	316	492	446
	1,015	870	942	895

Staff costs for the above persons

	2023		2022	
	£'000	£'000	£'000	£'000
Wages and salaries	27,403	24,609	24,548	22,976
Social security costs	2,616	2,616	2,335	2,190
FRS 102 pension charge	1,003	1,003	2,807	2,724
Other pension costs	5,167	5,167	4,661	4,661
Payroll sub total	36,188	33,395	34,351	32,551
Contracted out staffing services	275	275	389	389
	36,463	33,670	34,740	32,940
Restructuring costs – Contractual	81	81	221	221
- Non contractual	-	-	-	-
Total Staff costs	36,544	33,751	34,960	33,160

MILTON KEYNES COLLEGE
Report and Financial Statements, year ended 31 July 2023

	2023		2022	
	No.		No.	
The number of key management personnel including the Accounting Officer was:	9		8	
An additional 2 Key Management personnel were employed part-year only.				
The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:				
	Key management personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£10,000 to £15,000 p.a.	1	-	n/a	n/a
£15,001 to £20,000 p.a.	1	-	n/a	n/a
£40,001 to £45,000 p.a.	-	1	n/a	n/a
£60,001 to £65,000 p.a.	-	1	12	7
£65,001 to £70,000 p.a.	-	-	2	5
£70,001 to £75,000 p.a.	-	-	3	2
£75,001 to £80,000 p.a.	2	-	7	1
£80,001 to £85,000 p.a.	-	1	2	-
£85,001 to £90,000 p.a.	-	-	1	-
£90,001 to £95,000 p.a.	1	3	-	1
£105,001 to £110,000 p.a.	-	1	-	1
£110,001 to £115,000 p.a.	1	1	-	-
£115,001 to £120,000 p.a.	1	-	-	-
£130,001 to £135,000 p.a.	1	-	-	-
£155,001 to £160,000 p.a.	1	-	-	-
	9	8	27	17

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the College. This is represented by the Executive Leadership Team which comprise of the CEO & Group Principal (Accounting Officer), Group Chief Operating Officer, Group Chief People Officer, Principal: Curriculum Innovation and Pedagogy. Staff costs include compensation paid to key management personnel for loss of office, where applicable.

Two members of the Executive Leadership Team and the Head of Governance are designated Senior Post Holders, and their remuneration package is subject to regular reviews by the Remuneration Committee of the governing body.

In making decisions about remuneration, the Committee considers:

- Affordability in terms of college finances
- Parity of treatment across MKCG but recognising the importance of stability at SPH level
- SPH performance based on both personal achievement against set targets and overall College success
- Benchmarking across the sector with similar posts via AoC Senior Staff Pay Survey comparator information (the size and complexity of the College/Group) and any other relevant national and local market information
- Skills supplements to recruit staff in shortage areas
- Ability to recommend one-off, modest, non-consolidated discretionary awards for exceptional in-year performance, if considered appropriate by the Committee

The CEO & Group Principal reports to the Chair of Governors, who undertakes an annual review of her performance against the college's overall objectives, using both qualitative and quantitative measures of performance.

The Corporation has adopted the AOC's Colleges' Senior Post Holders Remuneration Code.

Emoluments of Key Management personnel, Accounting Officer and other higher paid staff

Key management personnel emoluments is made up as follows:

	2023 £'000	2022 £'000
Basic salary	774	863
Performance related pay and bonus	6	-
	780	863
Pension contributions	144	148
Total key management personnel emoluments	924	1,011

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above emoluments include amounts payable to the Accounting Officer of:

	2023 £'000	2022 £'000
Salaries	158	175
Benefits in kind	-	-
	158	175
Pension contributions	33	41
	191	216

Relationship of the Accounting Officer's pay to the median of all staff:

Accounting Officer's basic salary as a multiple of the median of all staff	4.84	6.70
Accounting Officer's total remuneration as a multiple of the median of all staff	5.00	7.00

The members of the Corporation other than the Accounting Officer and the Staff Members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Severance Payments paid to former staff earning over £60k

	2023 No.	2023 £
£0-£25,000	1	4,800

The severance payment was approved by the College's Remuneration Committee.

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

6 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Teaching costs	5,807	5,807	5,134	5,134
Non-teaching costs	6,859	9,694	6,705	8,504
Premises costs	2,488	2,488	2,494	2,494
Total	15,154	17,990	14,333	16,132

Other operating expenses include:

	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Auditors' remuneration:				
Group Financial statements	38	38	37	37
Subsidiary Financial statements	6	6	4	-
Internal audit	32	32	34	34
Hire of assets under operating leases	1,046	1,046	625	625

MILTON KEYNES COLLEGE
Report and Financial Statements, year ended 31 July 2023

7 Interest and other finance costs – Group and College

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans	-	1
Net interest on defined pension liability (note 20)	495	752
Total	495	753

8 Tangible fixed assets (Group and College)

	Land and buildings			Equipment	Computers	Assets in the course of construction	Total
	Freehold	Long leasehold	Adaptations				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2022	46,684	2,969	-	5,166	4,816	12,129	71,764
Additions	-		6,100	396	341	10,391	17,228
At 31 July 2023	46,684	2,969	6,100	5,562	5,157	22,520	88,992
Depreciation							
At 1 August 2022	18,473	2,969	-	3,228	4,293	-	28,963
Charge for the year	800		555	334	274	-	1,963
At 31 July 2023	19,273	2,969	555	3,562	4,567	-	30,926
Net book value at 31 July 2023	27,411	-	5,545	2,000	590	22,520	58,066
Net book value at 31 July 2022	28,211	-	-	1,938	523	12,129	42,801

Land and buildings inherited from the Local Education Authority were valued in 1995 at depreciated replacement value by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

9 Non-current investments

	College 2023	College 2022
	£	£
Investments in subsidiary companies	2	4
Total	2	4

Prison Education Training Services (MK) Limited and Milton Keynes Manpower Forum Limited, both companies being incorporated in England and Wales, and dormant throughout the period and now dissolved.

The Group also owns 100 per cent of the issued ordinary £1 shares of The Code Makers Academy Limited, a company incorporated in England and Wales. The principal business activity of The Code Makers Academy Limited is carrying out training of students in Higher Education. During the accounting period it achieved a breakeven position. The company became dormant in April 2023.

The Group owns 100 per cent of the issued ordinary £1 shares of MKC Commercial Limited. The principal activity of MKC Commercial Limited is the provision of staff to Milton Keynes College Group. During the accounting period it achieved a breakeven position.

10 Trade and other receivables

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	725	725	84	84
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	42
Prepayments and accrued income	7,132	7,132	3,977	3,977
Other debtors	11	11	-	-
Total	7,868	7,868	4,061	4,103

11 Creditors: amounts falling due within one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Trade payables	1,362	1,362	2,397	2,397
Other taxation and social security	686	686	601	601
Accruals and deferred income	9,415	9,415	6,368	6,368
Deferred income - government capital grants	726	726	673	673
Deferred income - government revenue grants	584	584	2,683	2,683
Amounts owed to the ESFA	723	723	-	-
Total	13,496	13,496	12,722	12,722

12 Creditors: amounts falling due after one year

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Deferred income - government capital grants	31,925	31,925	12,944	12,944
Total	31,925	31,925	12,944	12,944

13 Cash and cash equivalents

	At 1 August	Cash flows	Other	At 31
	2022			changes
	£'000	£'000	£'000	2023
				£'000
Cash and cash equivalents	6,813	1,021	-	7,833
Total	6,813	1,021	-	7,833

14 Capital and other commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	868	302

15 Lease obligations

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Not later than one year	1,046	712
Later than one year and not later than five years	335	81
Total lease payments due	1,381	793

16 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Buckinghamshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. 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 2016 and of the LGPS 31 March 2022.

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	4,137	4,137
Local Government Pension Scheme:		
Contributions paid (including pension strain)	1,697	1,697
FRS 102 (28) charge	1,003	2,807
Charge to the Statement of Comprehensive Income	2,700	4,504
Total Pension Cost for Year within staff costs	6,837	8,641

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 Regulations. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out below the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The actuarial valuation of the TPS which applied during the year ended 31 August 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards. DfE paid a teacher pension employer contribution grant to cover the additional costs during the 2022-23 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy). DfE have agreed to pay a Teachers' Pension Employer Contribution grant to cover the additional costs in the 2023-24 financial year.

The pension costs paid to TPS in the year amounted to £4,626,232 (2022: £4,137,340)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Buckinghamshire Local Authority.

The agreed contribution rates for future years are 20.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

The total contributions made for the year ended 31 July 2023 were £2,020,723 (2022: £2,272,090), of which employer's contributions totalled £1,492,226 (2022: £1,659,395) and employees' contributions totalled £528,497 (2022: £612,695).

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.85%	3.75%
Future pensions increases	2.85%	2.75%
Discount rate for scheme liabilities	5.15%	3.40%

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 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.3	24.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	25.7	26.0

The College's share of the assets in the plan and the expected rates of return were:

	2023 £'000	2022 £'000
Fair value of plan assets	52,943	50,192
Present value of plan liabilities	(49,138)	(65,530)
Asset reduced to zero	(3,805)	-
Net pensions asset/(liability)	-	(15,338)

An adjustment has been made to cap the net assets of the scheme to £nil in accordance with the requirements of FRS102.

Amount recognised in Other Comprehensive Income in respect of the plan are as follows:

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	3,178	5,150
Total	3,178	5,150
Net interest cost	495	752
	495	752

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(2,137)	(3,050)
Experience gains arising on defined benefit obligations	(5,139)	(6,483)
Changes in assumptions underlying the present value of plan liabilities	25,679	46,263
Other actuarial gains on assets	2,238	-
Amount recognised in Other Comprehensive Income	20,641	36,730

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

	2023	2022
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	(15,338)	(48,509)
Movement in year:		
Current service cost	(2,637)	(5,150)
Employer contributions	1,680	1,593
Administration costs	(46)	(39)
Net interest on the defined (liability)/asset	(495)	(752)
Actuarial gain or loss	16,836	36,730
Capitalised gain on settlement	-	789
Net defined benefit asset/(liability) at 31 July	-	(15,338)

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	65,530	99,951
Current service cost	2,581	5,150
Interest cost	2,218	1,581
Contributions by Scheme participants	527	525
Experience gains and losses on defined benefit obligations	5,139	6,483
Changes in financial assumptions	(24,052)	(39,062)
Estimated benefits paid	(1,234)	(1,093)
Past Service Costs	56	-
Change in demographic assumptions	(1,627)	(7,201)
Liability assumed/(extinguished) on settlements	-	(804)
Defined benefit obligations at end of period	49,138	65,530

Reconciliation of Assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	50,192	51,442
Interest on plan assets	1,723	829
Return on plan assets	(2,137)	(3,050)
Employer contributions	1,680	1,593
Contributions by Scheme participants	527	525
Administration Costs	(46)	(39)
Settlements paid	-	(15)
Estimated benefits paid	(1,234)	(1,093)
Other Actuarial gains	2,238	-
Assets at end of period	52,943	50,192

17 Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Governor	Business Link	Work Carried out for college	
		2022/23 £	2021/22 £
Sally Alexander	WAMITAB/CIWM - Board Member	21,010	7,367
Richard Bartlett-Rawlings / Karen Brown	RSM	7,200	-

The total expenses paid to or on behalf of the Governors (excluding the CEO & Group Principal) during the year was £243, 2 Governors (2022: £63). This related to out-of-pocket expenses, evidenced by receipt. The actual cost was reimbursed.

18 Amounts disbursed as agent**a) Learner Support Funds**

	2023 £'000	2022 £'000
16-18 bursary grants	272	237
Other Funding body grants	-	-
	272	237
Disbursed to students	(223)	(191)
Administration costs	(21)	(9)
Balance unspent as at 31 July, included in creditors	28	37

b) Other amounts disbursed as agent

The MKCG also acted as Accountable Body for the Institutes of Technology in Reading and Oxford, which are owned by Activate Learning Limited now completed.

The MKCG received and paid out £1,260k (2022: £4,880k) in relation to these works which has been excluded from Income & Expenditure in these accounts.