

SOUTH ESSEX COLLEGE OF FURTHER AND HIGHER EDUCATION

**Annual Report and Financial
Statements
for the year ended 31 July 2025**



**SOUTH ESSEX
COLLEGES GROUP**

Key management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2024/25:

Denise Brown – Group Chief Executive; Accounting officer

Zohayb Mohammed – Group Deputy Chief Executive Officer; Chief Financial Officer

Ansar Mahmood - Deputy Chief Executive Officer; Chief Information Officer

Adam Fahey - Deputy Chief Executive Officer; Curriculum & Quality

Jayne Sheehan - Vice Chief Executive Officer; Innovation & Employer Engagement

Board of Governors

A full list of Governors is given on page 19 of these financial statements

Company Secretary

Lana Jackman

Professional advisers

Financial Statements auditor and reporting accountants:

MHA

6th Floor

2 London Wall Place

London

EC2Y 5AU

Internal Auditor:

Scrutton Bland

Fitzroy House

Crown Street

Ipswich

Suffolk

IP1 3LG

Banker:

Barclays

PO Box 885

Mortlock House

Histon

Cambridgeshire

CB24 9DE

Solicitor:

Irwin Mitchell

Thomas Eggar House

Priory Lane

Chichester

West Sussex

PO19 1LF

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Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The members of South Essex College of Further and Higher Education (SEC) present their report and the audited financial statements for the year ended 31 July 2025.

These statements also include the results of the College's wholly owned subsidiary business, South Essex Commercial Services Ltd. These two entities constitute the South Essex College Group (SECG).

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting SEC. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. In November 2022, the College was reclassified as a central government entity by the Office of National Statistics, along with all other further education colleges. The College continues to be regulated by the Secretary of State for Education.

Strategic Plan

SEC is the largest provider of technical and vocational education and training for 16–18-year-olds, adults and apprenticeship provision within Essex. The College published its Strategic Plan for 2023–2027 in March 2023 to ensure that we realise our vision to be at the heart of community transformation.

Mission

'Working together, the College will provide knowledge, education and skills development for all.'

Core Values

- **We are a community of professionals** inspiring our learners to be extraordinary in all they do
- **We are accepting and encouraging** of all who come through our doors
- **Stimulated by modernity**, we are diverse in thought, identity and aspiration
- **We are powerful and ambitious** as individuals and powerful together. We encourage performance to the peak of ability
- **To build resilience, we provide a tough love environment** supporting each other and our learners to thrive in all situations.

The college will achieve our vision through five strategic goals, each of which has a series of strategic projects designed to deliver the targets:

1. We will provide teaching and learning that expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices.
2. We will attract and retain the best and diverse people and become an employer of choice.
3. We will become sustainable across financial, technological and environmental strands.
4. We will build our brand equity to increase our markets and influence, and add social value across Essex and the East of London; and
5. We will collaborate across education, community and employers to find innovative solutions to achieve our shared goals

Our strategic targets are set in our Corporate Plan.

Public Benefit

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting South Essex College. The college is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Resources

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

The College employs 809 people (expressed as full-time equivalents), of whom 292 are teaching staff.

The College enrolled approximately 8,702 students. The college's student population includes 4,732 16-to-18 year-old students, 2,000 adult learners, 786 apprentices and 530 higher education students.

The College has £92.6 million of net reserves and long-term debt of £18.1 million.

CURRICULUM REVIEW

The SECG strategic plan for 2023 to 2027 sets out the Group's ambition to be central to the transformation of our communities, enabling everyone to achieve their potential. The key drivers for the SECG curriculum are:

To provide teaching and learning which expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices

Following a positive monitoring visit by Ofsted in February 2024, SECG underwent a full inspection in October 2024 under the Education Inspection Framework. The Group was graded as Good for overall effectiveness and Good for all provision types and inspection criteria. SECG was also judged to be making a strong contribution to meeting skills needs. The published report concluded that:

- Leaders have responded effectively to the recommendations from the previous inspection.
- Leaders promote high expectations for students' and apprentices' achievement and progress effectively.
- Leaders have implemented a range of effective strategies to improve achievement rates.
- Leaders' frequent reviews of underperforming subjects have significantly improved the outcomes in most of these areas.
- Leaders have developed skills-rich and inclusive curriculums to meet local and regional demand.
- Staff use assessment effectively to check students' and apprentices' understanding of new concepts. Staff use this information constructively to identify any gaps in knowledge and plan further teaching.

The report also concluded that students' achievement of grade 4 or above in GCSE English and mathematics remains too low and that too few students receive good-quality teaching to support their achievement. The report acknowledges that SECG has recently employed specialist managers and teachers for English and mathematics and that these newly recruited teachers have designed high-quality teaching and learning resources and activities. However, it is too early to see the impact of their actions on students' experience and achievement.

Following the most successful year ever in terms of learner outcomes, Senior Leaders set highly ambitious performance targets for 2024/25 of 91% for overall learner achievement, 94% for Adults and 88% for 16-18s. At 26/08/25, overall achievement is 87.9%, 94.4% for Adults and 81.9% for 16-18s. There remain 3% of overall learner outcomes outstanding, 4% for 16-18s and 1.9% for Adults.

To collaborate across education, community and employers to find innovative solutions to achieve our shared goals

The Strategic Plan 2023-2027 is informed throughout by collaborative and well-established relationships with a comprehensive range of local and regional stakeholders. It is through these relationships that we meet local and regional skills needs and position the Group as the heart of community transformation. Through a continuous process of engagement with employers, stakeholders and local representative groups we strive to ensure that the curriculum we offer is responsive, informed by labour market intelligence and provides our learners with progression pathways into meaningful and sustainable employment. There is an increased expectation at SECG that curriculum Schools are proactive in their engagement with employers and community stakeholders and actively seek out opportunities to broaden their learners' experience. South Essex Colleges Group is proud of its ability to identify and respond to specific occupational priorities through working directly with employers.

To build our brand equity to increase our markets, our influence and to add social value across Essex and the East of London

SECG has expanded its sub-contracted delivery into the East of London with Knights Academy which has a large sports curriculum similar to that at Southend City College. In Ilford a partnership with the London College of Business Studies has enabled SECG to expand its higher level offer through their HNC in Leadership and Management. LCBS staff have supported colleagues at SECG preparing to deliver the HTQ in Leadership and Management at the South East Institute of Technology. The localised structure of South Essex Colleges Group has enabled each College to build strong relationships and collaborative links with a wide range of external stakeholders including key local employers and the local community. Senior Leaders and managers work with local employers and stakeholders to recognise the skills required for the future and to identify how to shape the curriculum moving forward. Examples of collaborative employer-driven projects include Creative Media students producing a Christmas advert for Colchester Zoo and Travel and Tourism students developing a City Centre Map with Southend Council. Heads of School access the resources of Inspiring the Future to enhance the opportunities for guest speakers to provide learner with valuable industry insights and work with them on employer set projects. At Thurrock College Health and Care work closely with the NHS Health and Care Academy Manager to ensure our curriculum is current and aligns with the local and national need. The Construction and Building Services department work with a number of local trade employers to ensure the delivery of up to date industry practice and methods. Local Plumbing professionals Multipipe Ltd met with Level 1 and 2 learners to ensure they are aware of advances in commercial and domestic piping products. The Basildon Colleges work extensively with a range of employers on collaborative projects at all three campuses including Morgan Sindall, Toomey Group (Automotive), Sharp/NEC, Thames Clippers, DP World ports, Proctor and Gamble, GK Engineering and Design, B&Q and Jaguar Land Rover.

At Thurrock College the Principal invited representatives of the local community including the Rotary Club, the Leader of the Council, local Police and Council community safety officers, and volunteering services to a stakeholder engagement event. The purpose was to capture delegates' perceptions of the College and gather input into its future direction. The foundation has been set for future collaboration and strengthening the College's relationship with the local community. The Principal sits on the 14-15 Thurrock Strategy Group Meeting, the 14-25 Thurrock SEND strategy Group Meeting and the Economic Development and Skills Partnership. The Basildon Colleges have engaged extensively on collaborative projects with local schools, high needs providers and the local council including Woodlands School, Basildon Upper Academy, Endeavour School (SEN) and the Happy Hub. Leader and managers at Basildon sit on a range of community and industry groups including British Association of Construction Heads (Southeast and London), the Society of Motor Manufacturers and Traders (SMMT), Basildon Construction Skills Group and the Estuary Festival. The Principal of Southend City sits on a range of representative forums including Southend City Business Improvement District (BID) Partnership, Southend City Forum Business Partnership, Southend Community Safety Committee, Southend Education Board and the Southend Community Safety Partnership Board.

Curriculum achievements

Since December 2022, the South Essex Colleges Group has systemically addressed the areas of weakness identified in its self-assessment and by Ofsted at the last full inspection. This has been achieved by bedding down our organisational structure, refreshing our strategy, recruiting talented and

expert managers to deliver the strategy, including actions to reduce staff turnover, developing the teaching and learning skills of staff, improving our monitoring of learner progress and implementing timely interventions to support learner achievement. These systemic changes coupled with the tireless efforts of staff throughout the organisation exemplify our commitment to our first Strategic Goal: to provide teaching and learning which expands learners' horizons and enables them to achieve the qualifications they need to give them lifetime choices. It is SECG's position that as a cumulative consequence of hard work, clarity of purpose and tough decision making, a quantum jump was made in 2023/24 and this has been largely sustained in 2024/25. The Group is now a training provider which reflects the ambitions of our communities and of which they can be proud. The great majority of what we now offer is very good, in some instances, it is better than good. This statement was endorsed by the full enhanced Ofsted inspection of October 2024 which graded SECG as Grade 2 (Good) in all areas and overall.

Learner achievement 2024/25

Apprentices	Overall Achievement (%)			NARTS* (%)
	2022/23	2023/24	2024/25	2022/23
16-18	50.5	60.0	62.0	56.3
19-23	50.5	58.9	68.9	58.9
24+	25.9	79.4	41.4	51.6
Overall	39.3	66.2	62.1	54.1

	24-25 Starts	24-25 Ach*	24-25 Pass	24-25 Retention	23-24 Ach*	22-23 Ach*	23-24 NARTS*
Overall	15109	87.9%	92.4%	95.1%	89.1%	82.9%	NA
Ex. E & m	10981	91.7%	94.8%	96.7%	92.7%	86.8%	NA
16-18							
Entry	715	87.3%	94.7%	92.2%	82.8%	69.7%	84.4%
Level 1	1,670	77.8%	89.6%	86.8%	80.0%	55.8%	78.9%
Entry/L1	2,385	80.6%	91.2%	88.4%	80.8%	60.4%	NA
Level 2	3,811	79.2%	85.1%	93.1%	81.3%	77.1%	81.4%
Level 3	1715	89.7%	94.4%	95.0%	89.7%	81.0%	85.2%
Level 4	7	85.7%	100.0%	85.7%	76.2%	74.4%	88.0%
Overall	7,918	81.9%	89.0%	92.1%	83.3%	74.3%	NA
19+							
Entry	550	87.6%	92.3%	94.9%	77.6%	73.7%	89.8%
Level 1	4,536	97.8%	98.4%	99.4%	96.7%	96.2%	89.0%
Entry/L1	5,086	96.7%	97.7%	98.9%	95.1%	93.2%	NA
Level 2	1923	89.8%	92.0%	97.7%	91.3%	86.5%	85.3%

Level 3	145	80.7%	86.7%	93.1%	79.9%	77.0%	77.8%
Level 4	1	100.0%	100.0%	100.0%	73.3%	79.2%	71.4%
Overall	7191	94.4%	95.9%	98.5%	93.6%	90.0%	NA

*Ach – Achievement

*NARTS – National Achievement Rates

FINANCIAL REVIEW

Financial objectives

DfE measure financial health of each college through three Key Performance Measures and an overall financial health score. The College self-assessed financial score for the financial year ending 31st July 2025 is “Good”. With the legacy capital programme complete, the College has no unfunded capital commitments, which will allow the cash reserves to grow and further stabilise the financial position. The College is working to maintain a score of “Good” to 2027, through first managing the current ratio and cashflow and then reducing the debt over time.

Table: financial health performance 2024-25

Key performance Indicator	Measure/Target	Outturn July 2025	Outturn July 2024
Surplus/Deficit as a % of Turnover	-2%	+3.30%	-1.20%
Pay expenditure as a percentage of income	63.2%	61.2%	62.1%
Unrestricted Cash balance at year end	£2.80m	£2.06m	£2.57m
Adjusted Current Ratio*	>1.5	0.64	0.61
Earnings Before Interest, Depreciation and Tax (EBITDA) as a percentage of income*	>8%	12.08%	6.56%
Borrowing as a percentage of income*	<20%	34.57%	38.38%
Financial health (based on measures annotated with *)	Good	Good	Requires improvement

Financial results

The Group generated a surplus before other gains and losses in the year of £3,173k (2024: - £551k). This reflects the increased activity of delivery to 16-18 year old learners that attracted an in-year increase in funding from the DfE. There was also an increase in income from International provision based on the Colleges enhanced reputation. Costs were also carefully controlled with other operating

expenses reduced, with savings in non-teaching costs and Premises costs compared to the previous year.

The Group has accumulated reserves of £92,571k (2024 £90,655k) and cash and short term investment balances of £4,528k (2024: £2,569k).

Tangible fixed asset additions during the year amounted to £2,802k (2024: £3,192k) a further reduction on the prior year as the capital programme was completed.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In year, the FE funding bodies provided 78.5% (2024: 75%) of the Group's total income.

The College has one 100% owned active subsidiary company, South Essex Commercial Services Ltd. Their results are consolidated into this set of financial statements, and produces its own accounts, filed at Companies House. Also the Backstage Centre Ltd Company traded during the year but ceased to trade on 31st July 2025 and its assets and trade were moved into South Essex College (Net Asset Transfer of £297k),

The College has two 100% owned dormant companies, Prospects Learning Foundation Ltd and Prospects Training Solutions Ltd which did not trade in 2024/25

Treasury policies and objectives

The College's treasury management policy is published on the College website. Cash is deposited with commercial banks, but no investments are made externally.

Cash flows and liquidity

Net cash inflow from operating activities was £6,309k. There was a net outflow of £2,801k on investing in fixed assets and £1,549k on financing activities including the repayment of loans, resulting in an increase in cash equivalents at the year-end of £1,960k (2024: £1,266k).

Reserves Policy

The College provides further, higher and adult technical and vocational education, including apprenticeship training. The majority of revenue is received from government and other public funding, based on prior year student numbers. The remainder of income comes from fees charged to learners or employers, primarily for adult and apprenticeship training, or from the commercial exploitation of the College's estate. These funds are channelled solely for the provision of education services and related operations. The reserves policy reflects the annularity of funding, along with the lagged nature of grant determination, which require a baseline contingency. The Board has set the following principles for managing reserves:

- To hold sufficient revenue reserves to meet immediate commitments and cashflow. The Board has determined that this should be set at 25 cash days. This equates to approximately £3 million at all times;
- To build additional capital and revenue reserves over time to deliver the College's strategic plan, including investment in the estate and IT infrastructure, growth and delivery of the curriculum provision, and service debt. The College is subject to a limit of investing £2million per annum in capital projects from reserves. This excludes future grant funding for projects; and
- To realise sufficient capital to meet loan principal obligations from future operating surpluses and the realisation of proceeds from sale of excess estate.

This policy is for the duration of the College corporate plan, which covers the period 2023 to 2027, but will be reviewed on a biennial basis. At this stage, the College does not meet these targets, and so the policy is designed to support the College strengthen its financial health and build for the future, and therefore drives budget setting.

Capital reserves reflect the estate and asset base, and the associated part-government funding. Whilst the College has the right to reinvest the proceeds from sales of surplus estate, we are also indebted to the Department for Education, who hold charges on a number of properties within our portfolio. This limits the College's ability to generate funds for future investment. The pension reserve is not controlled by the College, and we cannot realise any surpluses. This leaves revenue reserves as the main driver of future investment. The College is developing a long term investment plan, and will set budgets to deliver annual average earnings before interest, taxation and depreciation (EBITDA) of at least 7 per cent, and up to 10 per cent, of annual revenues across the lifetime of the Strategic Plan

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

South Essex College 16-18 Student Numbers allocation for the financial year ending 31 July 2025 was 4,543 (2023/24 - 4,472). The College achieved 4,732 learners (2023/24 - 4,438). The allocation for 2025/26 has increased to 4,689

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2024 to 31 July 2025, the College received 10,651 invoices and paid 12.0% per cent of invoices within 30 days (2023/24 10,488 invoices and paid 13.3%). However the agreed terms with most suppliers is the month following date of invoice.

No. of trade invoices	2024/25				Total
	Qtr1	Qtr2	Qtr3	Qtr4	
Total invoices paid outside target	2,109	2,808	2863	1,594	9,374
Total invoices paid within target	346	285	338	308	1,277
Grand Total	2,455	3,093	3,201	1,902	10,651

% of trade invoices	2024/25				Total
	Qtr1	Qtr2	Qtr3	Qtr4	
Total invoices paid outside target	85.9%	90.8%	89.4%	83.8%	88.0%
Total invoices paid within target	14.1%	9.2%	10.6%	16.2%	12.0%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%

Future prospects

The revised curriculum plan for SECG has been developed to clearly articulate the College ambition to be the main provider of Industry-led vocational education and training for South Essex. Our plans are all based on Labour Market Intelligence and the voice of employers in the region and our growth plans are concentrated on the key growth sectors identified by the South East Local Enterprise Partnership, the Essex Employment and Skills Board, Thames Gateway Partnership and the Business Boards of the three main towns we serve: Southend, Basildon and Thurrock. The College will also be looking at opportunities arising from the latest announcements on public investment in the Lower Thames Crossing.

The Curriculum Strategy over the next 5 years is to specialise in areas of provision which meet the needs of our local and regional employers, particularly at levels 3, 4 and 5 and to expand into some key areas of identified growth including:

- Transport and logistics
- Professional Services
- Construction & Construction Management

- Engineering
- IT & Digital Skills
- Health & Child Care

The South East Institute of Technology (SEIoT)

In 2022, South Essex College secured a collaborative bid to create an Institute of Technology (IoT) in the South East of the country. IoTs are designed to bring education providers and employers together to deliver higher technical education across their existing sites.

The IoT is up and running with all partner colleges offering qualifications from Level 3 to Level 6. The South East Institute of Technology (SEIoT) project is led by South Essex College with core partners University of East Anglia, Anglia Ruskin University, Canterbury Christchurch University, Harlow College, Mid Kent College, East Sussex College Group, Chelmsford College and Plumpton College. Employer partners include DP World (London Gateway), Port of Tilbury, Stansted Airport, Morgan Sindall Construction, Princess Alexandra Hospital Group, Leonardo, Megger Instruments, Chartway Group and Wine GB. Balfour Beatty have also joined the Board.

The SEIoT will provide training particularly in higher technical skills and research support for industry, across the South East Local Enterprise Partnership (LEP) area.

The key industry sectors that will be supported through applied research and skills development include Engineering and Manufacturing, Transport and Logistics, Health Science, Construction and the Built Environment, Viticulture and Animal Science, and Digital, as well as offering bespoke CPD courses for local employers.

As part of the bid, £12.5million of funding is being made available to the SEIoT by the government to fund new cutting-edge facilities and equipment, including fully digitised 'mini' factory and working environments, replicating (for example) automated warehousing, building management systems, automated manufacturing such as PLC and robotics, as well as technologically advanced environments for health & care, construction technical environments, and advanced veterinary labs.

As local employers are an integral part of this programme, the IoT will be equipped to focus on giving people the technical skills that businesses need, which helps them to prosper and leads to more and better local jobs.

The bid has been supported by the South East Local Enterprise Partnership and a wide range of employers across the South East, Utilising our collaborative strengths, SEIoT will enable a significant step-change in the region's higher technical skills capabilities, providing the learning, support, facilities, expertise and infrastructure to help prepare industry and workers for the further increase in automation and green technologies.

Capital Projects

The College has completed its ambitious capital programme. Over the coming period, limited investment will be made, subject to grants from funders for programmes such as T levels, Institute of Technology and other schemes. For the foreseeable future, as a condition of the loan rebrokerage, capital investment will be limited to £2million per annum from reserves, plus any grant funded projects. This will continue until we have achieved a good financial rating by repaying around half of the DfE loan.

Reputation

In an increasingly competitive landscape, the SECG brand needs to be instantly identifiable with high quality provision so that we are held in high esteem by our customers and partners. SECG intends to be seen as the education and training provider of first choice in all areas of our portfolio. We continue to look for opportunities to grow and will create an Academy of Advanced Technology to introduce A Levels in technical subjects and to expand our successful T Level provision.

We are developing the Adult College to expand adult learning, including distance and remote learning. A new marketing strategy will reflect and promote our local college structure, our outstanding facilities and our expert staff. We are attracting and nurturing new partnerships and collaborations to expand our

reach and facilitate innovation and creativity. We are building on the existing relationships we have with key employers and building new ones with small and medium sized enterprises. We are developing a community engagement strategy with a local focus to solidify and build relationships with schools, health care providers, universities, community and religious groups and local decision makers. We are expanding our reach to embrace outer east of London communities and stakeholders in order to meet the skills needs of those communities and develop the skills of people who can fill the existing skills gaps in our region. South Essex Colleges Group achieved an overall Silver for the TEF in 2023.

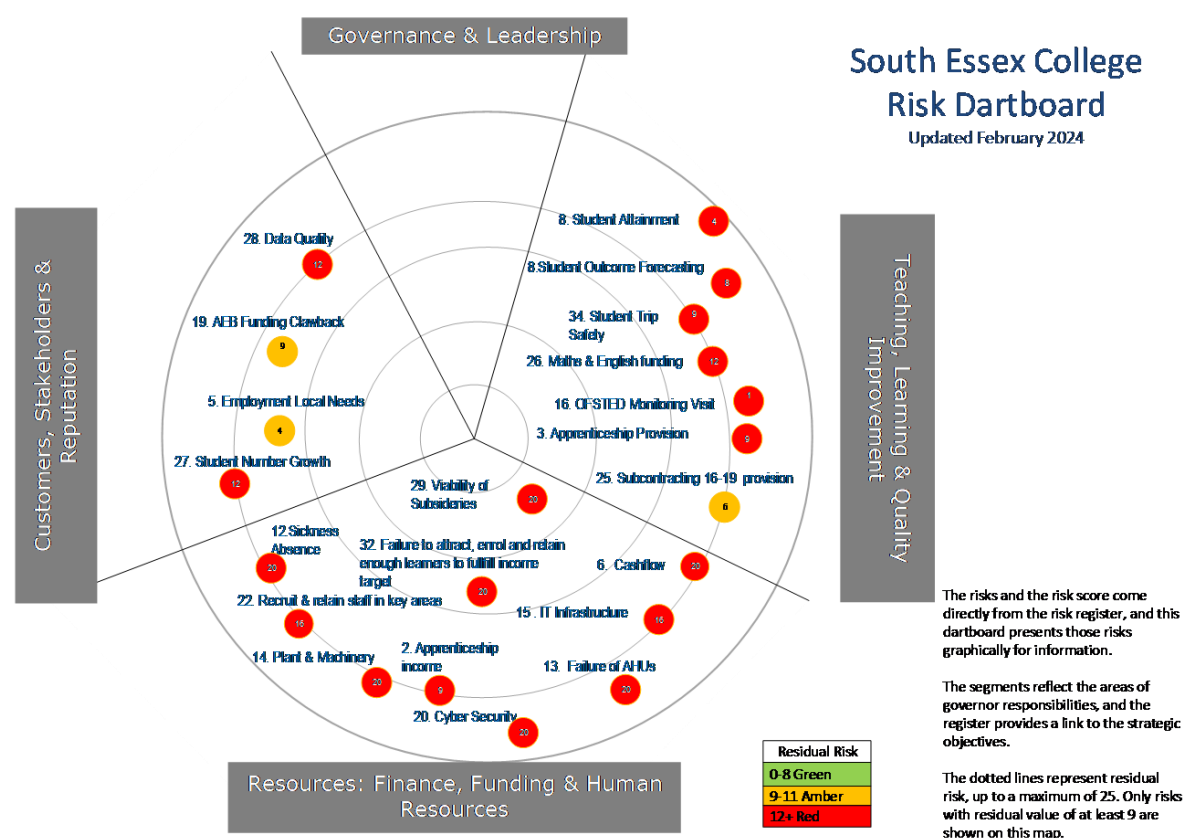
PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Audit and Risk Committee undertook a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College.

The risk register is maintained at the College level which is reviewed at each meeting of the Audit & Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system and are RAG rated.

The risk dashboard below shows the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. The risks are split into different segments. The greatest risks surround financing and funding and mainly relate to recruitment and retention. A risk that is closer to the centre of the dashboard denotes a smaller financial impact and the further away towards the edges denote a bigger impact.



The key risks affecting the College continue to be those arising from resource and financial issues, including the availability of quality staff, budgetary and inflationary pressures. Student outcomes and

the quality of teaching are also significant issues. Now that the capital programme has been completed, the College will turn its attention to its existing estate, attending to aging plant, machinery and IT infrastructure. For each of these, the executive leadership is developing and implementing comprehensive plans of actions to manage the risks appropriately.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

The College entered into a tripartite agreement with Basildon Council and the Homes England during 2015/16 to progress the disposal of the Basildon Campus to enable over 700 homes to be built over 5 years with the College relocating to Market Square in Basildon town centre. Basildon Council will relocate the market as part of the arrangement. This has resulted in the 'Basildon Landowners Trust Account' being established. The Trust Account is managed by SEC and all transactions are agreed by resolution of all parties.

Equal opportunities and employment of disabled persons

SEC is committed to the promotion of equality of opportunity for all learners, employees and all other users of the College.

Our ethos is to create and maintain the conditions whereby learners and staff are treated solely on the basis of their merits, abilities and potential, regardless of ethnic or national origin, disability, gender, age, religion or belief, sexual orientation, social class and background, or other distinction.

The College's Equality and Diversity Policy is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An Equality and Diversity plan is published each year and monitored by managers and governors.

The College actively promotes a culture of celebrating diversity and will take reasonable steps to prevent discrimination occurring. This includes promoting the significance of the Equality and Diversity Policy and what is expected of learners and staff while they study or work at the College.

Gender pay gap reporting

As at 31 March 2025 in this organisation women earned 84p for every £1 that men earned (comparing median hourly pay) (*March 2024 – 83p*). Women made up 48.7% of employees in the highest paid quarter, and 75.0% of employees in the lowest paid quarter (*March 2024 – 51.2% & 75.5%*)

As at 31 March 2025 women made up:

- 48.7% of employees in the upper hourly pay quarter (highest paid jobs) (*2024 – 51.2%*)
- 55.0% of employees in the upper middle hourly pay quarter (*2024 – 59.8%*)
- 66.0% of employees in the lower middle hourly pay quarter (*2024 – 65.2%*)
- 75.0% of employees in the lower hourly pay quarter (lowest paid jobs) (*2024 – 75.5%*)

Disability statement

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

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2007/08, and the results of this formed the basis of a bid to the LSC for funding capital projects aimed at improving access.
- b) The College has an Additional Learning Support Team, who provide information, advice and arranges support where necessary for learners with disabilities.
- c) The College has specialist equipment which we can make available for use by learners and staff and a range of assistive technology is widely available. The College works proactively with learners and staff in relation to any reasonable adjustments that they may require to support them with learning and working.
- d) The College has an Admissions policy for all learners. Appeals against a decision not to offer a place are dealt with under the policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support learners with learning difficulties and/or disabilities. There are a number of Learning Support Assistants who can provide a variety of support for access to learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling, welfare and support services are described on the College website. Learners can access relevant policies and procedures (including the Compliments & Complaints and Behaviour Policy and Procedure) via Moodle and My Day (Student Intranet).

Trade union facility time

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
7	0.7

Percentage of time	Number of employees
0%	-
1-50%	7
51-99%	-
100%	-
Total cost of facility time	£26,226
Total pay bill	£30,014,000
Percentage of total bill spent on facility time	0.087%

Total amount of time representatives spent on facility time	1,372 hours
Total amount of time representatives spent on unpaid union activity	100 hours
Time spent on paid trade union activities as a percentage of total paid facility time	11.2%

Safeguarding and Child Protection

The College places significant importance on safeguarding children and vulnerable adults and meets fully the statutory requirements for safeguarding and child protection. Specifically, the College has:

- a) Implemented statutory guidance contained within the revised Department for Education publication: 'Keeping Children Safe in Education September 2024' and ensured that staff are fully aware of their responsibilities in Part 1 through training and a mandatory read with an accompanying quiz that all academic and support staff must complete.
- b) Key staff are designated as Prevent leads and are part of local and national networks and safeguarding boards. Training provides regularly to the leads and to all staff.
- c) Ensured that all new staff receive training on safeguarding, child protection and Prevent and that refresher training is carried out regularly for existing staff.
- d) Audited its safeguarding practices through the 'Local Authority Section 175 Safeguarding Audit' and maintained the outcome of "very high compliance".
- e) Ensured that key staff are appropriately trained as Designated Safeguarding Leads and their training is regular updated as 'designated persons' for child protection purposes, which is regularly updated in accordance with statutory guidance.
- f) Developed robust arrangements for the planning and approval of educational visits.
- g) Safeguarding Advisers are established across all sites to support in the management of safeguarding and welfare.
- h) Implemented a revised Recruitment and Retention Policy and Procedure incorporating safeguarding statutory guidance along with relevant employment legislation.
- i) All staff with responsibility for recruiting staff will complete mandatory safer recruitment training as required under Keeping Children Safe in Education 2024 statutory Guidance. Staff new to the college who have staff recruitment responsibilities must complete the Safer Recruitment Training within 3 months of joining. The Human Resources Department ensure that there is a minimum of one staff member on the recruitment panel who has completed the safer recruitment training. The College maintains a 'Single Central Record' of all vetting and barring checks for all individuals undertaking Regulated Activity.

The College ensures that all relevant individuals undertake appropriate Disclosure and Barring Service (DBS) checks and these are vetted and risk assessed by the Head of HR prior to individuals commencing work. This includes an Enhanced DBS check including the 'barred lists' check where appropriate. Well established arrangements exist to manage any issues arising and ensure that concerns about individuals who may pose a threat to children or vulnerable adults are reported to the DBS.

The College complies fully with its statutory Prevent duties under the Counter Terrorism and Security Act 2015. The College's safeguarding policy has procedures that aims to prevent people from being drawn into terrorism, including violent and non-violent extremism, by working with individuals and communities to support and challenge views and activities that may be conducive to terrorism, or that seek to popularise views which extremism may seek to exploit. Central to the College's vision, mission and core values is the promotion of fundamental British values, including democracy, the rule of law, individual liberty and mutual respect and tolerance of different faiths and beliefs.

The 2024 Ofsted Inspection concluded that the arrangements for safeguarding were effective.

Matrix Standard Accreditation

South Essex Colleges Group (SECG) has met the standard and achieved a prestigious matrix accreditation. In 2024-25 whole college accreditation was achieved highlighting the strong delivery of support services within safeguarding, careers and learning support as well as wider curriculum delivery through tutorials and extra curricula activities. The Standard is for a 3 year period (2025 – 2028) with annual Continuous Improvement Checks.

The matrix Standard is owned by the Department for Education (DfE) and ensures the delivery of high-quality information, advice and guidance (IAG) services that enable people to reach their full potential. The Standard is delivered by the Growth Company. This is a mandatory standard for SECG due to our adult education budget but also provides wider assurance of the quality of IAG services.

Going concern

SECG has been graded as “Good” for its Financial Health. The Board of Governors recognised that it was a strategic decision to invest in its estate strategy, and it did so in the full knowledge this would mean that the College would go through a period of being in “Requires Improvement” Financial Health according to the DfE measures, primarily due to the high gearing ratio, before reaching the current ‘Good’ level.

The College implemented a series of cost cutting and cashflow management measures and set budgets for the 2024-25 academic year that would support an increase in cashflow. The Board monitors outturns regularly and believe that the College will continue as a going concern for the foreseeable future and will be able to handle unexpected variances and developments that affect the financial position. The College will continue to score “Good” in DfE’s financial health terms until at least 2027, and the College will continue to operate normally, and will pursue the strategic objectives published in March 2023.

The DfE agreed to a 20 year loan, secured on the Aveley, Basildon (Luckyn Lane) and Thurrock campuses, effective from 19 July 2023, which allowed the College to draw down funds in two tranches. First to pay the existing loan with Barclay on maturity in July 2023, and to draw down a second tranche in 2024 at the maturity of the £1.5 million loan with Southend Borough Council.

This rebrokerage of the loan ensures that the College is compliant with the new regulatory framework and has sufficient capital to meet cashflow needs and College liabilities in the foreseeable future. In particular, this arrangement ensures that the College remains a going concern.

The College recognises that there is a significant negative net current asset position but taking into account the refinancing of the Southend Loan in 2024 the position improves and the Corporation considers this a manageable position moving forward.

A 24 month cash flow is prepared and included in the management accounts. Cashflow is monitored on a daily basis with reports to SMT. A monthly update is then included in the management accounts for governors and senior managers.

The assumptions in the cashflow forecast are:

- The College will achieve its income target or take action to reduce expenditure where necessary
- The College limits capital investment to build up cash reserves. This is separate from investment in major capital projects which are funded from a previous asset disposal

- The College meets its supplier invoice obligations to pay within 30 days of receipt of a valid invoice
- The DfE loan capital repayments will be repaid in line with the facility agreement, with interest payable in arrears at the existing Public Loan Works Board rate of interest

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

Events after the end of the reporting period

There are no events to disclose after the end of the reporting period

Approved by order of the members of the Corporation on 09 December 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. A. S. Dicketts'.

Dame Sally Dicketts DBE

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2024 to 31 July 2025 and up to the date of approval of the annual report and financial statements.

Governance Code

The College 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 FE Code of Good Governance (“the Code”); and

The College is committed to the highest standards of governance, exhibiting best practice in all aspects of corporate governance. The Corporation has adopted the Code of Good Governance for English Colleges as its primary governance framework. The Corporation considers that it has complied with the provisions of the Code throughout the year 31 July 2025 without exception.

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

The Corporation acknowledges the principles of effective governance set out in broader frameworks such as the UK Corporate Governance Code. While the UK Corporate Governance Code does not apply to further education colleges, its emphasis on accountability, transparency, and risk management is reflected in the College’s governance practices.

The Corporation acknowledges its responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public funds and assets. The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk, and can therefore only provide reasonable and not absolute assurance of effectiveness

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2025. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2023, which it formally adopted on 31 October 2023.

The Corporation

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

Name	Date of appointments	Term of office	Date of resignation	Status of appointment	Committees served	Board Attendance 2024/25
Mr Rick Olver	01/08/2020 10/12/2024	4 years 4 years		External Governor	Chair: Corporation from 01/09/23-31/08/2024 Member: Audit and Risk Committee and Governance & Remuneration	100%
Dame Sally Dicketts DBE	01/09/2024	4 years		External Governor	Chair: Corporation from 01/09/2024. Member of Governance & Remuneration	100%
Mrs Denise Brown	24/02/2022	Ex-officio		Principal and CEO	Governance and Remuneration	100%
Mr O Awolusi	17/10/2023	2 years		External Governor	Audit and Risk Committee	71%
Mr G Bender	01/08/2020 10/12/2024	4 years 4 years		External Governor	Governance and Remuneration	86%
Mrs J Brooker	01/12/2021	4 years		Staff Governor		100%
Mr P Gribbon	04/08/2023	4 years	09/12/2024	External Governor	Chair Audit & Risk until 09 December 2024	100%
Mrs S Leonard	23/03/2020	4 years	08/12/2024	External Governor	Curriculum & Quality; Audit & Risk; Chair Governance & Remuneration	50%
Mr A Thompson	04/08/2023	4 years		External Governor	Audit & Risk- until January 2025	86%
Ms L Everard	22/03/2021	4 years	21/03/2024	Co-Opted Governor	Audit & Risk	NA
Mr A O Dowsett	09/07/2024	4 years		External Governor	Audit & Risk	43%
Mr N Gibb	09/07/2024	4 years	02/06/2025	External Governor		60%
Ms K Merritt	03/09/2024	4 years		External Governor		86%
Ms K Smith	10/12/2024	2 years		FE Student Governor		75%
Ms T Booth	10/12/2024	4 years		Support Staff Governor		75%
Ms R Sanders	09/07/2024	1 year	08/10/2024	FE Student Governor		100%
Ms F Phillips	09/07/2024	1 year	08/10/2024	FE Student Governor (support)		100%

The Clerk to the Corporation and Group Executive Director of Governance during the year and to the date of signing these statements was Lana Jackman.

The Governance Framework

The Corporation is provided with regular and timely information on the overall financial performance of the college together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met ten times during the year, with seven scheduled full Board meetings and three Board Development Days.

The Corporation conducts its business through two committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit and Risk, Governance and Remuneration. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available via the college's website at southessex.ac.uk or from the Clerk to the Corporation at the college's registered address.

South Essex College

Luker Road

Southend

Essex

SS1 1NN

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

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

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

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

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

The Corporation approved the appointment of an External Board Reviewer, Mr Simon Perryman, who conducted an External Board Review in March 2024. The Report dated 26 April 2024 was presented by Mr Perryman and approved by the Corporation Board at an Extraordinary Meeting on 14 May 2024. The Report is available upon request from the Clerk to the Corporation.

Appointments to the Corporation

Any new member appointments to the corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance and Remuneration committee, consisting of four Governors, which is responsible for the selection and nomination of any new Governor's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required and has delegated the responsibility for developing and monitoring a governor development plan to the Governance and Remuneration Committee.

Members of the corporation are appointed for a term of office not exceeding four years. The Corporation has strengthened its policy on maximum length of service, so that all governors reaching the end of eight years' service will automatically stand down unless it is considered that there are exceptional reasons to extend their tenure beyond eight years.

Corporation performance

Governors and the Clerk to the Corporation undertook a range of training and updating learning throughout the year. The Clerk achieved the IoD Award for Further Education Governance

Professionals in February 2024, and several Governors undertook both the FE Governance ETF training as well as attending the AoC Regional Governor inductions.

A full external governance assessment was undertaken in April 2024 by the AoC using an independent reviewer, Simon Perryman. The overall conclusion was that the Board had very substantially improved its effectiveness in the last year, due to a significant improvement in governance processes and the development of a more honest, open and inclusive culture.

The corporation also carried out a self-assessment of its own performance for the year ended 31 July 2025 and graded itself as “Good” on the Ofsted scale. The self-assessment judgement was based on self-evaluation by individual governors using indicators of governance effectiveness used by Ofsted. Committee level self-assessment undertaken by governors was also taken into account.

Remuneration Committee

Throughout the year ending 31 July 2025 the College’s Governance & Remuneration Committee comprised three external members of the Corporation. The Committee’s responsibilities are to make recommendations to the Board on the performance, remuneration and benefits of the Accounting Officer, other designated Senior Postholders and the Clerk. The College has adopted the AoC’s Senior Staff Remuneration Code and aims to comply with all of its provisions.

Details of remuneration for the year ended 31 July 2025 are set out in note 5 to the financial statements.

Audit & Risk Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) and one co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets three times a year and provides a forum for reporting by the college’s 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 college’s business.

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

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

The Audit and Risk Committee also advises the corporation 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 corporation.

The Audit and Risk Committee met three times via full scheduled meetings and once at a Workshop to discuss and improve upon the Terms of Reference and develop good audit practices in the year to 31 July 2025. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mr Paul Gribbon (Chair) until Dec 2024	2/2
Mrs S Leonard	2/2
Mr A Thompson	2/2
Mrs L Everard (co-optee)	1/2
Mr O Awolusi	1/1
Mr A O Dowett	1/1

Internal Control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Group Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between South Essex College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Essex College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2025 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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 governing body
- regular reviews by the governing body of periodic and annual financial reports 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.

South Essex College has procured an internal audit service, which operates in accordance with the requirements of the DfE's Framework for auditors and reporting accountants of colleges. The work of the internal audit service is informed by an analysis of the risks to which the College 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 Corporation on the recommendation of the Audit & Risk Committee. At a minimum, annually, the Chair of the Audit & Risk Committee provides the governing body with a report on internal audit activity in the College. The report includes the Committee's opinion on the

adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the corporation

The Corporation works with the Senior Leadership Team to understand and assess the key risks faced by the College. The Audit Committee scrutinises the risk register and challenges the leadership team on the assessment of risk, the response and the effectiveness of actions taken. The Corporation also has the opportunity to discuss risk in a wider setting and consider its appetite to individual risks. The Corporation recognises the high level risks in the ability to recruit students in all income areas including HE, development of its curriculum to remain relevant to current needs, the need to diversify income streams and to remain financially sustainable, the ability to attract and retain high calibre staff, the extent to which the College's cyber security measures are effective, and the need to properly manage its ongoing capital projects.

Control weaknesses Identified

Internal audit work during the year identified no high-priority weaknesses. Of the completed audits, seven provided 'significant assurance' and two 'reasonable assurance'. A total of twenty seven recommendations were raised (three medium and twenty four low). The Audit Committee is satisfied that actions taken are sufficient and agrees with the auditors that the Group has adequate processes in place

Responsibilities under accountability agreements

The College has reviewed its policies, procedures and approval processes in line with the 2024-5 college finance handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2024/5 and up to the date of the approval of the financial statements are:

- Review of Risk Assurance Framework and risk appetite to develop new assurance framework
- Annual review of Whistle Blowing Complaints
- Review of Value for Money Annual Report
- Review of OfS Conditions of Regulation Compliance
- Internal audit programme considering:
 - Health & Safety
 - Information Governance
 - GLA Subcontracting
 - Follow up of Previous Recommendations
 - Bursary Funding
 - High Needs
 - Safeguarding
 - Procurement
 - Budget to Management Accounts Reporting .

Review of effectiveness

As Accounting Officer, the Group Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements 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 regularity self-assessment questionnaire

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

The Senior Leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the Audit & Risk Committee carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Senior Leadership team and internal audit and other sources and taking account of events since 31 July 2025.

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

Approved by order of the members of the Corporation on 09 December 2025 and signed on its behalf by:

Signed



Denise Brown

Accounting Officer

09 Dec 2025

Signed



Dame Sally Dicketts DBE

Chair of Governors

09 Dec 2025

Statement of Regularity, Propriety and Compliance

As accounting officer of the Corporation of South Essex College I confirm that I have had due regard to the framework of authorities governing regularity, propriety and compliance, including the College's accountability agreement with DfE, and the requirements of the College Financial Handbook. I have also considered my responsibility to notify the Corporation's board of governors and DfE of material irregularity, impropriety and noncompliance with terms and conditions of all funding. I confirm that I, and the board of governors, are able to identify any material irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

I confirm that no instances of material irregularity, impropriety or non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of governors and DfE.

Signed

A handwritten signature in black ink, reading "Denise Brown". The signature is written in a cursive style with a large initial 'D'.

Denise Brown

Accounting officer

09 December 2025

Statement of Responsibilities of the Members of the Corporation

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

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

In preparing the financial statements, the Corporation is required to:

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

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

The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011 (as amended), and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities. The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, DfE, and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions, that may be prescribed from time to time by DfE, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

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 DfE, ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 09 December 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. A. S. Dicketts'.

Dame Sally Dicketts DBE, Chair of Governors

Independent Auditor's Report to the Corporation of South Essex College Group

Opinion

We have audited the financial statements of the Corporation of South Essex College Group (the 'College') and its subsidiaries (the 'Group') for the year ended 31 July 2025 which comprise which comprise the Consolidated and College Statements of Comprehensive Income and Expenditure, the Consolidated and College Statements of Changes in Reserves, the Group and College Balance Sheet, the Consolidated Statement of Cash Flows, and the notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is 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:

- Give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2025 the Group's and College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the Group and College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governing Body'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 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 Governing Body 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 Governing Body is 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 Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

adequate accounting records have not been kept; or

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects

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

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The College's grant and fee income, as disclosed in Note 2 to the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities for the financial year, as disclosed in Note 6a to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body of South Essex College Group

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Governing Body is 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 Governing Body determines 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 Governing Body is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group operates in and how the Group is complying with the legal and regulatory frameworks;

- Enquiry of management, those charged with governance and the College's solicitors (or in-house legal team) around actual and potential litigation and claims;
- Enquiry of College staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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 Corporation, as a body, in accordance with the Funding Agreement published by the Department for Education and our engagement letter. Our audit work has been undertaken so that we might state to 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 Corporation as a body, for our audit work, for this report, or for the opinions we have formed.



MHA

Chartered Accountants and Registered Auditor

London, United Kingdom

Date: 12/12/2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

Independent Reporting Accountant's Report on Regularity

To: The corporation of South Essex College Group and Secretary of State for Education

In accordance with the terms of our engagement letter dated 21 August 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, 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 South Essex College Group during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of South Essex College Group and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of South Essex College Group and the Secretary of State 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 South Essex College Group and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of South Essex College Group and the reporting accountant

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which 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 extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. 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 2024 to 31 July 2025 have not been applied for the 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 Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

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 and propriety 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 College's activities;

- Further testing and review of self-assessment questionnaire 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 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament, or that the financial transactions do not conform to the authorities which govern them.



MHA

Chartered Accountants and Registered Auditor

London, United Kingdom

Date: 12/12/2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

South Essex College

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2025	2025	2024	2024
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	45,522	45,522	41,473	41,473
Tuition fees and education contracts	3	5,445	5,445	5,054	5,054
Other income	4	3,439	3,066	3,450	2,324
Total income		54,406	54,033	49,977	48,851
EXPENDITURE					
Staff costs	5	29,671	29,396	28,811	28,559
Fundamental restructuring costs	5	431	419	144	73
Other operating expenses	6	14,963	14,595	16,578	15,870
Depreciation	9	5,337	5,263	5,158	5,084
Interest and other finance costs	7	831	831	(163)	(163)
Total expenditure		51,233	50,504	50,528	49,423
Surplus/(Deficit) before other gains and losses		3,173	3,529	(551)	(572)
Surplus/(Deficit) before tax		3,173	3,529	(551)	(572)
Taxation	8	-	-	-	-
Surplus/(Deficit) for the year		3,173	3,529	(551)	(572)
Actuarial changes in respect of pensions schemes		(1,256)	(1,256)	(1,773)	(1,773)
Total Comprehensive Income for the year		1,917	2,273	(2,324)	(2,345)

The accompanying notes on pages 37 to 60 form part of these financial statements.

South Essex College
Consolidated and College Statements of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2023	92,240	738	92,978
(Deficit) from the income and expenditure account	(551)	-	(551)
Actuarial changes in respect of pension scheme	(1,773)	-	(1,773)
Transfers between revaluation and income and expenditure reserves	8	(8)	-
	(2,316)	(8)	(2,324)
Balance at 31 July 2024	89,924	730	90,654
Surplus from the income and expenditure account	3,173	-	3,173
Actuarial changes in respect of pension scheme	(1,256)	-	(1,256)
Transfers between revaluation and income and expenditure reserves	8	(8)	-
Total comprehensive income for the year	1,925	(8)	1,917
Balance at 31 July 2025	91,849	722	92,571
College			
Balance at 1 August 2023	88,903	-	88,903
(Deficit) from the income and expenditure account	(572)	-	(572)
Actuarial changes in respect of pension scheme	(1,773)	-	(1,773)
Transfers between income and expenditure reserves	2,721	-	2,721
	376	-	376
Balance at 31 July 2024	89,279	-	89,279
Surplus from the income and expenditure account	3,529	-	3,529
Actuarial changes in respect of pension scheme	(1,256)	-	(1,256)
Transfers between revaluation and income and expenditure reserves	25	722	747
Total comprehensive income for the year	2,298	722	3,020
Balance at 31 July 2025	91,577	722	92,299

South Essex College
Group and College Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2025 £'000	2025 £'000	2024 £'000	2024 £'000
Non current assets					
Tangible fixed assets	9	145,123	144,501	147,663	142,056
Investments	10	-	-	-	-
		145,123	144,501	147,663	142,056
Current assets					
Stocks		118	117	75	73
Trade and other receivables	11	1,561	1,941	1,462	1,818
Cash and cash equivalents		4,528	4,480	2,569	2,226
		6,207	6,538	4,106	4,117
Less: Creditors – amounts falling due within one year	12	(7,687)	(7,668)	(10,637)	(10,472)
Net current assets		(1,480)	(1,130)	(6,531)	(6,354)
Total assets less current liabilities		143,643	143,371	141,132	135,702
Less: Creditors – amounts falling due after more than one year	13	(50,777)	(50,777)	(50,423)	(46,367)
Provisions					
Defined benefit asset / (liability)	15	(68)	(68)	(55)	(55)
Other provisions	15	(227)	(227)	-	-
Total net assets		92,571	92,299	90,655	89,279
Unrestricted reserves					
Income and expenditure account		91,849	91,577	89,925	89,279
Revaluation reserve		722	722	730	-
Total unrestricted reserves		92,571	92,299	90,655	89,279
Total reserves		92,571	92,299	90,655	89,279

The financial statements on pages 33 to 60 were approved and authorised for issue by the Corporation on 09 December 2025 and were signed on its behalf on that date by:



Dame Sally Dicketts DBE
Chair



Denise Brown
Accounting Officer

South Essex College
Consolidated Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
Cash inflow from operating activities			
Surplus/(Deficit) for the year		3,173	(551)
Adjustment for non cash items			
Depreciation		5,337	5,158
Decrease/(Increase) in stocks		(42)	(52)
(Increase)/decrease in debtors		(99)	794
Increase / (Decrease) in creditors due within one year		(2,948)	1,491
Increase/(decrease) in creditors due after one year		354	(532)
Increase in provisions		241	312
Pensions costs less contributions payable		(1,164)	(1,339)
Adjustment for investing or financing activities			
Interest payable		922	975
Interest (receivable)/payable on plan assets		(91)	(1,138)
Repayments of amounts borrowed		627	-
Impairment of Investments		-	314
		<u>6,310</u>	<u>5,432</u>
Net cash flow from operating activities		6,310	5,432
Cash flows from investing activities			
Payments made to acquire fixed assets		(2,802)	(3,192)
		<u>(2,802)</u>	<u>(3,192)</u>
Cash flows from financing activities			
Interest paid		(922)	(975)
Repayments of amounts borrowed		(627)	-
		<u>(1,549)</u>	<u>(975)</u>
Increase / (decrease) in cash and cash equivalents in the year		1,959	1,266
Cash and cash equivalents at beginning of the year		2,569	1,303
Cash and cash equivalents at end of the year		4,528	2,569

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 2024 to 2025* 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, South Essex Commercial Services Ltd and Backstage Centre Ltd, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2025.

Going concern

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The College recognises that there is a significant negative net current asset position but taking into account the refinancing of the Southend Loan in 2024 the position improves and the Corporation considers this a manageable position moving forward.

The College has prepared cash flow forecasts for a period in excess of 12 months from the date of signing of these accounts. After reviewing these forecasts, the College is of the opinion that, taking account of severe but plausible downsides the College will have sufficient funds to meet its liabilities as they fall due over the going concern assessment period.

The College has secured a loan with the Department for Education to replace the existing third party loans. In July 2023, funds were drawn down to pay Barclays on maturity of that facility. The loan with DfE included a capital payment holiday until January 2025, and quarterly interest in arrears payable at the Public Works Loan Board rate. This reduces both the annual capital and interest payments, and so supports the College's cashflow and going concern consideration.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Notes to the Accounts (continued)

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. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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.

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.

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.

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 the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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.

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

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £37,033k. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being

Notes to the Accounts (continued)

“An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan.”

In using the word “shall”, the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable.

Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the present value of the employer contributions. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions. Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2025 to £Nil. Therefore only the present value of the unfunded obligation has been included in the financial statements at £13k (2024 - £14k) .

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 the 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 using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - 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 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Thurrock and Southend Campuses – 60 years
- All other buildings – 50 years
- Refurbishments – 10 years

Freehold land is not depreciated.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 60 years.

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 at deemed cost but not to adopt a policy of revaluations of these properties in the future.

Notes to the Accounts (continued)

Assets in the course of construction

Assets in the course of 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:

- technical equipment 5 years
- motor vehicles & plant 5-10 years
- computer equipment 3 years
- fixtures and fittings 10 years
- Furniture 10 – 20 years

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred. However, the College elects to capitalise such costs which are directly attributable to the acquisition, construction or production of a qualifying asset.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st 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 1st 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 a finance lease obligation. 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.

Notes to the Accounts (continued)

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 Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

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 circa 3% 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.

Notes to the Accounts (continued)

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.

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.

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.
- Determine whether there are implications due to the acquisition of National College for the Creative Industries and the fair value revaluation of assets and liabilities at the date of acquisition.

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.

- *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 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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.

Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Department for Education - adult	4,115	4,115	4,070	4,070
Department for Education – 16 -18	32,031	32,031	29,938	29,938
Department for Education - apprenticeships	3,376	3,376	3,422	3,422
Local Authorities	2,443	2,443	2,008	2,008
Specific Grants				
Teacher Pension Scheme contribution grant	1,331	1,331	1,090	1,090
National Insurance contribution grant	225	225	-	-
Payroll contribution grant	369	369	-	-
Releases of government capital grants	1,611	1,611	944	944
OfS Grant	21	21	1	1
Total	45,522	45,522	41,473	41,473

2a OFS Grant & Fee Income

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant Income from OfS	313	313	283	283
Fee Income for taught awards	3500	3500	3,829	3,829
Total	3,813	3,813	4,112	4,112

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	434	434	226	226
Fees for FE loan supported courses	90	90	144	144
Fees for HE loan supported courses	3,794	3,794	3,829	3,829
International students fees	814	814	530	530
Full cost provision	0	0	42	42
Total tuition fees	5,132	5,132	4,771	4,771
Education contracts	313	313	283	283
Total	5,445	5,445	5,054	5,054

Notes to the Accounts (continued)

4 Other income

	Year ended 31 July 2025		Year ended 31 July 2024	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	608	534	610	517
Exam income	21	21	2	2
Accommodation income for international students	73	73	53	53
Other income generating activities - Car Park	118	-	157	-
Other income generating activities - Backstage Centre rental	96	-	601	-
Non government capital grants	102	82	173	112
Project Income	1515	1510	1034	1032
Other Operational Income	157	97	392	189
Miscellaneous income	749	749	428	419
Total	3,439	3,066	3,450	2,324

Notes to the Accounts (continued)

5 Staff costs - Group

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

	2025 No.	2024 No.
Teaching staff	273	317
Non teaching staff	527	496
	800	813

Staff costs for the above persons

	2025 £'000	2024 £'000
Wages and salaries	22,854	21,148
Social security costs	2,322	1,949
Pension costs, including FRS102 adjustment of £1,098k (2024 £1,630k)	3,747	4,395
Payroll sub total	28,923	27,492
Contracted out staffing services	773	1,403
	29,696	28,895
Increase/(Decrease) in employee leave accrual	35	(84)
Total Staff Costs	29,731	28,811
Fundamental restructuring costs (includes £277k pension strain payments, contractual and statutory payments of £49k and special staff payments of £45k)	371	144

Severance payment amount	Number of severance payments made
£0 - £25,000	11
£25,001 - £50,000	1

(Included in staff restructuring costs are special severance payments totalling £45k (2024: £52k). Individually, the payments were: £4.75k, £15.331k, and £25k)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Leadership Team which comprises the following: Group CEO, Group Deputy CEO, Deputy CEO Chief Information Officer, Deputy CEO Curriculum & Quality, Vice CEO Innovation and Employer Engagement, Group Executive Director Governance.

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

	2025 No.	2024 No.
The number of key management personnel including the Accounting Officer was:	6	7

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employers national insurance but including benefits in kind, in the following ranges was:

	Key Management Personnel		Other staff	
	2025 No.	2024 No.	2025 No.	2024 No.
£60,001 to £65,000	-	1	6	1
£65,001 to £70,000	-	-	1	2
£70,001 to £75,000	-	-	1	-
£75,001 to £80,000	1	-	2	1
£80,001 to £85,000	-	2	-	1
£85,001 to £90,000	1	-	1	-
£90,001 to £95,000	-	-	-	2
£95,001 to £100,000	-	-	1	-
£100,001 to £105,000	-	-	1	-
£105,001 to £110,000	-	1	-	1
£115,001 to £120,000	-	1	-	-
£120,001 to £125,000	2	1	-	-
£150,001 to £155,000	1	-	-	-
£185,001 to £190,000	-	1	-	-
£210,001 to £215,000	1	-	-	-
	6	7	13	8

Note: On an FTE basis higher paid staff would have reflected that 8 part-time staff would earn between £60k and £65k, 3 between £65k and £70k, 2 between £70k and £75k and 1 between £75k and £80k, if they were employed on a full-time basis.

Notes to the Accounts (continued)

5 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2025 £'000	2024 £'000
Salaries - gross of salary sacrifice and waived emoluments	736	726
	736	726
Pension contributions	132	131
Payments in lieu of pension contributions	38	30
Total emoluments	906	887

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2025 £'000	2024 £'000
Salaries	175	150
Benefits in Kind - including payment in lieu of pension contributions	41	36
	216	186

Compensation for loss of office paid to former key management personnel

	2025 £	2024 £
Compensation paid to the former post-holder - contractual (This relates to 1 employee)	32	-

One member of the corporation (other than the Accounting Officer and the staff members) received payment from the institution for their role on the corporation, plus the reimbursement of travel and subsistence expenses incurred in the course of their duties. Expenses were also paid to 3 other governors

	2025 £'000	2024 £'000
Role Costs	20	-
Expenses	1	-
	21	-

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. These emoluments are linked to the value and performance delivered by the CEO and the institution as a whole. The Committee is content with the level of pay for the financial year. An assessment was completed to ensure that the changes to the CEO's remuneration complied with the DfE's thresholds and this was confirmed with the DfE.

The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of their performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Median Pay Disclosure

	2025	2024
Principal's basic salary as a multiple of the median of all staff based on salary	6.01	6.5
Principal's total emoluments as a multiple of the median of all staff based on total emoluments	6.05	6.9

The median pay figure was calculated using pay data for all relevant employees as of 31st August 2025. The dataset included all full-time and part-time employees receiving regular pay during the reporting period, excluding agency staff. This approach follows the DfE guidelines ensuring consistency and transparency in pay reporting.

Notes to the Accounts (continued)

6 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	3,813	3,855	3,398	3,398
Subcontracting costs	1,338	1,285	1,517	1,517
Non teaching costs	5,207	5,070	6,657	6,274
Premises costs	4,605	4,385	5,006	4,681
Total	14,963	14,595	16,578	15,870

Other operating expenses include:

	2025	2024
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	79	296
Internal audit	33	26
Other services provided by the financial statements auditors	3	3
Other services provided by the auditors	11	9
Hire of assets under operating leases	88	55

* 2024 includes £206k in respect of 21/22 & 22/23

6a OfS Access & Participation

	Year ended 31 July		Year ended 31 July	
	2025	2025	2024	2024
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Access investment	38	38	39	39
Research and evaluation (relating to access and participation)	10	10	4	4
Financial support for students	76	76	167	167
Total	124	124	210	210

Notes to the Accounts (continued)

7 Interest payable - Group and College

	2025 £'000	2024 £'000
On bank loans, overdrafts and other loans:	<u>922</u>	<u>975</u>
	922	975
On finance leases	-	-
Net interest on defined pension liability	<u>(91)</u>	<u>(1,138)</u>
Total	<u>831</u>	<u>(163)</u>

Actual payments of interest on loans in 2025 was £922k (£975k in 2024).

8 Taxation - Group only

	2025 £'000	2024 £'000
Provision for deferred corporation tax in the accounts of the subsidiary company	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>

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

Notes to the Accounts (continued)

9 Tangible fixed assets (Group)

	Freehold Land and buildings* £'000	Leasehold Land and buildings £'000	Furniture £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation						
At 1 August 2024	178,555	5,115	6,949	20,643	300	211,562
Additions	1,496	-	683	923	(300)	2,802
Disposals				(5)		(5)
At 31 July 2025	180,051	5,115	7,632	21,561	-	214,359
Depreciation						
At 1 August 2024	43,223	168	3,767	16,741	-	63,899
Charge for the year	3,642	168	416	1,112	-	5,338
Elimination in respect of disposals				(1)		(1)
At 31 July 2025	46,865	336	4,183	17,852	-	69,236
Net book value at 31 July 2025	133,186	4,779	3,449	3,709	-	145,123
Net book value at 31 July 2024	135,332	4,947	3,182	3,902	300	147,663

* The DfE have charges over the Thurrock, Luckyn Lane and Averley sites, and should Averley be sold the funds will repay part the DfE loan. Additionally, the Southend Borough Council loan is secured on the Luker Road site.

9 Tangible fixed assets (College only)

	Freehold Land and buildings £'000	Furniture £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation					
At 1 August 2024	177,816	6,295	20,417	300	204,828
Additions	1,495	683	919	(300)	2,797
Transfers from Subs	5,115	621	138		5,874
					-
At 31 July 2025	184,426	7,599	21,474	0	213,499
Depreciation					
At 1 August 2024	43,139	3,116	16,517	-	62,772
Transfers	204	621	138	-	963
Charge for the year	3736	415	1112	-	5,263
At 31 July 2025	47,079	4,152	17,767	-	68,998
Net book value at 31 July 2025	137,347	3,447	3,707	-	144,501
Net book value at 31 July 2024	134,677	3,179	3,900	300	142,056

Included within Land and Buildings for the College is £4,779k of leasehold land and buildings which will be reclassified in the next accounting period.

Notes to the Accounts (continued)

10 Non current Investments

	College 2025 £'000	College 2024 £'000
Investments in subsidiary companies	-	830
Impairment	-	(830)
Total	-	-

The College owns 100 per cent of the issued ordinary £1 shares of The Backstage Centre Limited, a company incorporated in England and Wales. The interest in The Backstage Centre Limited was acquired on 1 February 2020 upon merger with the National College for Creative and Cultural Industries. The Company ceased trading on 31 July 2025 and gifted its assets and liabilities to the College.

The College owns 100 percent of the issued ordinary £1 shares of South Essex Commercial Services Limited, a company incorporated in England and Wales. The principal business activity of South Essex Commercial Services Limited is the operation of the car park, retail and conferencing activities. The interest in South Essex Commercial Services Limited was acquired on 22 July 2003 on its incorporation.

	Profit/ (Loss) for Year of Entity 2025 £'000	Net assets/ (Liabilities) of Entity 2025 £'000
Ownership		
South Essex College Commercial Services Ltd (100% owned by South Essex College)	28	40
Prospects Learning Foundation Ltd (100% owned by South Essex College)	-	-
Prospects Training Solutions Ltd (100% owned by Prospects Learning Foundation)	-	-
Backstage Centre Ltd (100% owned by South Essex College)	(382)	297

The registered address for the above entities is Luker Road, Southend on Sea, Essex. SS1 1ND

11 Trade and other receivables

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Amounts falling due within one year:				
Trade receivables	160	123	115	22
Prepayments and accrued income	1,361	1,352	496	460
Amounts owed by the DfE	-	-	646	646
VAT	-	6	12	12
Amounts owed by group undertakings	-	448	48	572
Other receivables	40	12	145	106
Total	1,561	1,941	1,462	1,818

	Amount £,000	
Total Bad Debts Written-Off	156	
Detail for individual Debts above £5k		Rationale for Write Off
Student Debt	7	All endeavours were undertaken to recover these debts, including engaging debt collectors who were unsuccessful in effecting recovery
Student Debt	8	
Student Debt	14	
Student Debt	8	
DWP	18	This is made up of 82 debit/credit transactions with the balance being written off following a detailed reconciliation to available DWP statements/remittance advices.

Notes to the Accounts (continued)

12 Creditors: amounts falling due within one year

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Trade payables	1,349	1,346	2,665	2,537
Other taxation and social security	1,170	1,170	1,120	1,120
Accruals and deferred income	884	869	1,160	1,105
Holiday pay accrual - unsecured	560	559	524	547
Deferred income - government capital grants	1,698	1,698	1,044	1,044
Amounts owed to the DfE	352	352	1,117	1,117
Department for Education loan	836	836	820	820
Southend Borough Council loan	-	-	1,500	1,500
Essex County Council loan - unsecured	250	250	-	-
Other creditors	588	588	687	682
Total	7,687	7,668	10,637	10,472

The DfE loan is currently subject to interest only payments at PWLB rates. Capital repayments commenced in 2025 over a loan period to 2039. The ECC loan is currently interest free and repayable over an agreed timeframe.

13 Creditors: amounts falling due after one year

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
Department for Education loan	15,286	15,286	14,429	14,429
Pension liability to joint venture			207	207
Deferred income - government capital grants	30,375	30,375	29,771	25,715
Essex County Council loan - unsecured	1,750	1,750	2,000	2,000
Other creditors	111	111	761	761
Recoverable grant from Transactions Unit	3,255	3,255	3,255	3,255
Total	50,777	50,777	50,423	46,367

The DfE have charges over the Thurrock, Luckyn Lane and Averley sites, and should Averley be sold the funds will repay part of the DfE loan.

The Recoverable Grant from the Transactions Unit relates to the 2019 financing of the merger with Prospects College of Advanced Technology. Should the College meet the performance criteria associated with the grant, repayments to the Department for Education will automatically be made.

Notes to the Accounts (continued)

14 Maturity of debt

Bank loans are repayable as follows:

	Group 2025 £'000	College 2025 £'000	Group 2024 £'000	College 2024 £'000
In one year or less	1,086	1,086	2,127	2,127
Between one and two years	2,422	2,422	1,836	1,836
Between two and five years	3,508	3,508	3,507	3,507
In five years or more	11,106	11,106	11,279	11,279
Total	18,122	18,122	18,749	18,749

Notes to the Accounts (continued)

15 Provisions Group

	Defined Benefit Obligations	Other Provisions	Total
	£'000	£'000	£'000
At 1 August 2024	55	-	55
Transferred to/(from) income and expenditure account	13	227	240
At 31 July 2025	68	227	295

College

	Defined Benefit Obligations	Other Provisions	Total
	£'000	£'000	£'000
At 1 August 2024	55	-	55
Transferred to/(from) income and expenditure account	13	227	240
At 31 July 2025	68	227	295

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (LGPS). Further details are given in Note 20.

Other provision of £227k relates to the Colleges estimated pension strain liability for one ex member of staff

At the year end 31 July 2025 the LGPS scheme had an overall scheme liability of £13k (2024: £14k), as shown in note 20.

16 Analysis of movements in net debt

	At 1 August 2024	Cash flows	Other changes	At 31 July 2025
	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,569	1,960		4,529
Loans due in less than one year	(820)		(266)	(1,086)
Loans due in more than one year	(17,929)		893	(17,036)
Total	(16,180)	1,960	627	(13,593)

17 Capital commitments

	Group and College	
	2025	2024
	£'000	£'000
Commitments contracted for at 31 July	31	2,433

Notes to the Accounts (continued)

18 Lease Obligations

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

	Group and College	
	2025 £'000	2024 £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	5	5
Later than one year and not later than five years	18	18
later than five years	478	483
	<u>501</u>	<u>506</u>
Other		
Not later than one year	21	32
Later than one year and not later than five years	67	4
later than five years	-	-
	<u>88</u>	<u>36</u>
Total lease payments due	<u>589</u>	<u>542</u>

19 Contingent liabilities

There are no known present or possible obligation that may result due to an uncertain future event

Notes to the Accounts (continued)

20 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 Essex Local Government Pension Scheme (LGPS) for non-teaching staff. 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 as at 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year	2025 £'000	2024 £'000
Teachers Pension Scheme: contributions paid	2,588	2,967
Local Government Pension Scheme:		
Contributions paid	2,918	2,895
FRS 102 (28) charge	1,098	1,630
Charge to the Statement of Comprehensive Income	4,016	4,525
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year	6,604	7,492

Teachers' Pension Scheme

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

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

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

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

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation)..

As a result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% from 2019).. DfE has agreed to continue to pay a teacher pension employer contribution grant to cover the additional costs during the 2024-25 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £2,588k (2024: £2,967k)

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex County Council. The total contribution made for the year ended 31 July 2025 was £2,918k, of which employer's contributions totalled £2,312k and employees' contributions totalled £606k. The agreed contribution rates for future years are 20.1% for employers and range from 2.75% to 12.5% for employees, depending on salary. The actuarial valuation reported a net defined asset of £0 (2023/24: £0). The key financial assumptions for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation. It is not possible to assess the accuracy of the estimated value of liabilities as at 31 July 2025 without completing a full valuation, however, the valuation have been calculated using the projected unit credit method of valuation and financial assumptions compliant with IAS19 and FRS102.

Principal Actuarial Assumptions

The latest valuation of the scheme assets and liabilities for which results are available:

	LGPS
Date of valuation	31 March 2022
Market valuation of assets	£8,103,000,000
Past service liabilities	£7,921,000,000
Surplus of assets	£182,000,000
CPI inflation	2.9% p.a
Salary increases	3.9% p.a.
Discount rate	4.3% p.a.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 by a qualified independent actuary

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.80%	2.90%
Future pensions increases	2.80%	2.9%*
Discount rate for scheme liabilities	5.75%	5.05%*
Inflation assumption (CPI)	3.10%	3.20%
Commutation of pensions to lump sums	50%	50%

**Whilst the discount rate assumption is shown as 5.75%, some actuaries in the FE sector have used a discount rate assumption of 5%. If this were adopted the pension liabilities would increase by £499k. The future pensions increases rate of 2.80% is also higher than the average of 2.78% in the FE sector, and if the average was adopted, this would lead to a decrease in the pension liability by £1,188k.*

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

	At 31 July 2025 years	At 31 July 2024 years
<i>Retiring today</i>		
Males	21.80	20.70
Females	24.10	23.30
<i>Retiring in 20 years</i>		
Males	23.40	22.00
Females	25.80	24.70

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Split of assets held by the fund at 31 July 2025	Fair Value at 31 July 2025	Split of assets held by the fund at 31 July 2024	Fair Value at 31 July 2024
		£'000		£'000
Equities	56.00%	51,711	55.00%	46,017
Property	8.00%	7,155	7.00%	5,704
Gilts	1.00%	1,325	2.00%	1,404
Cash	2.00%	1,553	3.00%	2,263
Alternative Assets	15.00%	14,275	15.00%	12,612
Other Managed Funds	18.00%	16,482	18.00%	15,050
Total market value of assets		92,501		83,050
Actual return on plan assets		4,708		4,708

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

	2025 £'000	2024 £'000
Present value of the defined benefit obligation	(55,468)	(56,661)
Fair value of Fund assets (bid value)	92,501	83,050
Surplus	37,033	26,389
Impact of asset ceiling	(37,033)	(26,389)
Present value of unfunded obligation	(13)	(14)
Net pensions (liability)/asset (Note 15)	(13)	(14)

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

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	1,098	1,630
Administration costs	48	50
	1,146	1,680
Interest expense (Note 7)	(91)	(1,138)
Amount recognised in income and expenditure	1,055	542

Amounts recognised in Other Comprehensive Income

Return on pension plan assets in excess of interest	2,734	4,708
Experience losses arising on defined benefit obligations	(551)	285
Changes in assumptions underlying the present value of plan liabilities	8,136	(1,470)
Change in demographic assumptions	(2,264)	127
Restriction on pension scheme asset	(9,311)	(26,389)
Amount recognised in Other Comprehensive Income	(1,256)	(22,739)

Notes to the Accounts (continued)

20 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	56,675	53,380
Current Service cost	1,786	1,630
Interest cost	2,880	2,696
Contributions by Scheme participants	606	577
Experience gains and losses on defined benefit obligations	551	(285)
Changes in financial assumptions	(8,136)	1,470
Estimated benefits paid	(2,386)	(2,664)
Past Service cost	51	-
Curtailments and settlements	1,192	-
Unfunded pension payments	(2)	(2)
Change in demographic assumptions	2,264	(127)
Defined benefit obligations at end of period	55,481	56,675

Reconciliation of Assets

Fair value of plan assets at start of period	83,050	74,346
Interest on plan assets	4,304	3,834
Return on plan assets	2,734	4,708
Employer contributions	2,312	2,301
Contributions by Scheme participants	606	577
Administration costs	(48)	(50)
Settlements prices received/ (paid)	1,931	-
Estimated benefits paid	(2,388)	(2,666)
Fair value of plan assets at end of period	92,501	83,050

Notes to the Accounts (continued)

21 Related party transactions

The College entered into a tripartite agreement with Basildon Council and the Homes and Communities Agency (HCA) during 2015/16 to progress the disposal of the Basildon Campus and HCA land to enable circa 700 homes to be built over 5 years. The College will relocate some provision to Market Square in Basildon town centre and the Council will relocate the market as part of the arrangement. This has resulted in the 'Basildon Landowners Trust Account' being established. The first phase of land has been sold to the developers and on account payments have been received, of which the College has withdrawn £42.7m to offset work up costs to date and for the Council to commence works to relocate the market.

As part of the merger with Prospects College of Advanced Technology, the College received a performance related grant of £3,255k from the Department of Education to provide the College with financial stability. Additionally £3,888k was provided for repayment of an outstanding loan, the repayment of exceptional financial support and merger related costs incurred. Should the College meet the performance criteria associated with the grant, repayments to the Department for Education will automatically be made. This balance has been included in creditors due in more than 1 year.

There are no other related party transactions to note. (2024: none)

22 Amounts disbursed as agent

Learner support funds		
	2025	2024
	£'000	£'000
Figure brought forward from prior year	470	129
FEFM - DfE	220	225
Under 19 Support funds - DfE	695	781
Guaranteed 16-19 Vulnerable funding	55	178
Discretionary support funds - DfE	165	73
ALL bursary - DfE	<u>109</u>	<u>130</u>
	1,714	1,516
Disbursed to students	(1,205)	(968)
Administration costs	(51)	(52)
Clawback	(61)	(26)
	<u>397</u>	<u>470</u>
Balance unspent as at 31 July, included in creditors		

The college distributes 16-19 discretionary and vulnerable bursaries and free meals in further education (FEFM) funds to students as an agent for DfE.

In the accounting year ended 31 July 2025, the college received a total of £1,244k and disbursed £1,205k from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £51k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £397k, of which £61k relates to funds that are in scope to be returned to DfE in March 2026.

Comparatives for the accounting year ended 31 July 2024 are £1,387k received from DfE, £968k disbursed to learners after charging £52k for administration costs, and total cumulative unspent funds of £470k, of which £26k was repaid to DfE.