



**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2025**

# COLCHESTER INSTITUTE

## Contents

	<b>Pages</b>
Reference and administrative details	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	27
Statement of Regularity, Propriety and Compliance	36
Statement of Responsibilities of the Members of the Corporation	37
Independent Auditor's Report on the Financial Statements	39
Reporting Accountant's Report on Regularity	43
Consolidated and College Statement of Comprehensive Income and Expenditure	45
Consolidated and College Statement of Changes in Reserves	46
Consolidated and College Balance Sheets	47
Consolidated statement of Cash Flows	48
Notes to Financial Statements	49

# COLCHESTER INSTITUTE

## REFERENCE AND ADMINISTRATIVE DETAILS

### Board of Governors

O Adelani (from 21.10.25)  
S Arya  
A Andreas  
S Attwood  
M Asare Bediako (resigned 21.10.25)  
L Bingham (from 13.02.25)  
S Bettinson  
L Blake  
R Block  
M Capps (from 02.12.25)  
C Donovan  
T Empson (resigned 01.04.25)  
A Fair (from 18.11.25)  
M Iciek  
N Jay (from 02.12.24)  
S Messenger  
J Patel (resigned 12.08.25)  
K Prince (resigned 31.12.24)  
D Swainson (resigned 9.10.24)  
T Triffitt (end of office 31.07.25)  
C Williams

### Head of Governance

A Bennett

### College Executive

A Andreas	Principal and Chief Executive
A Davies	Deputy Principal
M Emerson	Vice Principal (from 03.02.25)
G Horne MBE	Deputy Chief Executive

**Principal and Registered Office:** Sheepen Road, Colchester, CO3 3LL

### Professional Advisors

External auditor	MHA, Colchester
Internal auditors	Scrutton Bland, Colchester
Solicitors	Knights Plc, Colchester
Bankers	Barclays Bank plc, Cambridge
Surveyors	Nicholas Percival, Colchester

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### OBJECTIVES AND STRATEGY

The Governing Body present their annual report together with the financial statements and Auditor's Report for Colchester Institute for the year ended 31 July 2024.

### LEGAL STATUS

1. The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Colchester Institute. Colchester Institute is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### MISSION, VISION, VALUES, STRATEGY AND OBJECTIVES

2. In July 2024, the Corporation launched a new Strategic Plan 'Transforming Lives' covering the period 2024 to 2028, and in doing so agreed a revised Vision and Mission and updated College values. In addition to this five new Strategic Goals were identified.

### VISION

3. To be a vibrant, sustainable college exceeding the expectations of all those we serve.

### PURPOSE

4. To support our local communities and to transform lives through the development of technical, professional and personal knowledge and skills.

### VALUES

5. Our Values:

We are an **INCLUSIVE** College, welcoming employees and learners of all backgrounds, ages and abilities.

We are **COLLABORATIVE**, working in partnership internally and externally to achieve shared goals.

We are **RESPECTFUL** of each other in our words, actions and behaviours. We are **AMBITIOUS** for our learners, our staff and our college, always striving for excellence.

We are **HONEST** and open, and act with integrity in all that we do.

We provide a physically and emotionally **SAFE** environment, where people can be themselves, try out ideas and thrive.

### OUR GOALS

6. We strive to provide:

#### 6.1 An Outstanding Learner Experience

**To ensure an outstanding experience for every learner and stakeholder.**

This means providing exciting, challenging and engaging learning, in a safe, supported, respectful and inclusive environment, where learners gain the skills, knowledge and behaviours to succeed and to thrive in work and in life.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### 6.2 A Fantastic Workplace

**To provide a fantastic place to work where wellbeing and development are prioritised.**

This means that employees are well-managed and led, and feel recognised, supported and positively rewarded. The College is a Learning Organisation which prioritises a culture of individual and team development, teamwork, trust, integrity and inclusivity. Our people feel proud to work at Colchester Institute.

### 6.3 Financial Strength and Physical Resources

**To further build financial strength and physical resources to enable achievement of our goals.**

This means that sound financial planning and controls safeguard the College's future and enable investment in physical and digital resources that support an outstanding learner experience, transform business processes and positively impact the environment.

### 6.4 A Responsive Curriculum

**A responsive curriculum, mapped to local and national skills priorities, that meets the skills needs of individuals, organisations, the economy and the environment.**

This means that our curriculum fully reflects local and national skills priorities, including green skills and emerging technologies. Both professional and personal skills are prioritised, making Colchester Institute learners great employees, and responsible citizens.

### 6.5 Productive Partnerships

**Collaborative, productive partnerships that positively impact the College, its staff and its learners, and enhance our reputation.**

This means that employers contribute to the design and delivery of learning and recognise Colchester Institute as vital to their success. Other partnerships, including trade and professional bodies, enhance our ability to deliver on this plan, building our reputation as an essential, anchor institution in North Essex.

7. A series of eleven sub-strategies have been developed, linked to the Goals above. Each contains one-year milestones and notes on how these will be achieved. The eleven sub-strategies are:

- Employer Engagement
- Curriculum
- Apprenticeships
- Higher Education
- Teaching and Learning
- Student Experience
- People and Culture
- Marketing
- Information and Learning Technologies
- Estates
- Finance

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### COLLEGE CONTEXT

8. The College provides professional and technical education and training for the largely rural and coastal populations of the Colchester City and Braintree and Tendring Districts of North Essex.
9. In 2024/25, the College operated from two main delivery sites (Colchester and Braintree) and three outreach centres, the latter enabling adults to enter, re-enter or improve their employment. The three outreach sites are in Tendring, with high levels of economic inactivity (25.1% compared to the East of England average of 18.4 and qualifications at RQF level 4 and above at just 34.7% compared to the Great Britain average of 47.2%). There is also a discrete offer for the adult unemployed on each of the College's two main campuses.
10. There is a clear divide in Colchester's Post-16 offer, with the opportunity for 16-year-olds to pursue either a largely academic (A Level) route at The Sixth Form College, or at one of three school sixth forms; or to take up professional and technical education and training - either classroom based or work-based - at Colchester Institute.
11. The curriculum offer profile of local institutions explains a significant and notable characteristic of Colchester Institute's student body - an unusually low profile of Level 2 achievement on entry to the College. An analysis of all known prior results of 16 – 18-year-olds shows that the average GCSE grade on entry (across all subjects) is a Grade 3. In 2024/25, 52% of 16-18 learners arrived at Colchester Institute without a grade 4 in Maths and/or English. Classroom learners whose main qualification was at Level 2 or below made up 59% of all 16-18 classroom-based enrolments, which is significantly above the latest national figure of 45%.
12. The College offers programmes in a rich and diverse range of vocational sectors. Students have the opportunity to progress through levels of learning either within or across subject areas. Programmes start at level 2 or below in most subjects and extend to Level 3, with a good number continuing to degree level. Students have the opportunity to switch between full and part time courses and apprenticeships during or at the end of a particular level of study, to best meet their changing educational, professional or personal needs and circumstances. The table below shows the spread of subjects and provision types that were delivered in 2024/25.

Subject	16-19	Adults	Apprentice-ships	Higher Education
Access to Higher Education		Y		
Accounting	Y	Y	Y	
Art and Design (inc Animation, Graphic Des. Fashion, Photog)	Y	Y		Y
Beauty Therapy	Y	Y		
Brickwork	Y	Y	Y	
Business and Management (inc HR, Project Management)	Y	Y	Y	Y
Computing	Y	Y	Y	
Construction (Professional & Technical)	Y		Y	Y
Counselling		Y		Y
Dental Nursing			Y	
Digital Media (inc E-Sports, Film Games Des, VFX)	Y	Y	Y	Y
Early Years	Y	Y	Y	Y
Electrical Installations	Y	Y	Y	
Employability	Y	Y		
English	Y	Y		
Engineering (inc Electronic, Mechanical, Electrical, Manufact)	Y	Y	Y	Y
English for Speakers of Other Languages	Y	Y		

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

Fabrication and Welding	Y	Y	Y
Finance	Y		Y
Foundation and Supported Learning	Y	Y	
Hairdressing	Y	Y	Y
Health and Social Care	Y	Y	Y
Hospitality (inc Professional Chefs and Hosp Supervision)	Y	Y	Y
Mathematics	Y	Y	
Motor Vehicle (inc Maintenance Repair and Body & Paint)	Y	Y	Y
Music (inc Prof Musician, Music Production & Technology)	Y	Y	
Painting and Decorating	Y		Y
Performing Arts (Acting, Dance, Mus Theatre & Tech Theatre)	Y		Y
Plumbing	Y	Y	Y
Public Services	Y		Y
Science (inc Applied and Forensic)	Y		
Sport (inc Coaching and Development)	Y		
Wood Occupations (inc Carpentry and Furniture Making)	Y	Y	Y

13. This very broad curriculum offer, meeting a wide range of student and community needs and interests, makes Colchester Institute a unique asset in North Essex. The College is all the more vibrant for the presence of musicians, performing artists, visual artists, designers and makers who perform and exhibit regularly. The real work environments in hairdressing, beauty therapy and hospitality welcome staff colleagues and members of the public to high quality salons and restaurants, and in Motor Vehicle, staff and the public can book car MoT and repair services on campus, enriching the experience for future therapists, chefs, front of house staff and mechanics. For those students unable to receive customers, or provide services on campus, work experience is an important part of their study programme. Through such experience positive links are forged with future employers, and careers choices are further informed, whilst spreading the College's education and training provision directly into local businesses and service organisations.

## FINANCIAL OBJECTIVES

14. To be in a position to deliver our strategic plan, the College must continue to improve financial effectiveness. In order that this can be achieved the following financial objectives have been set:

- To continue to develop financial strategies that will ensure good financial health is maintained as measured under Department for Education (DfE) methodology.
- To operate within all financial loan covenants agreed with principal bankers.
- To maintain available cash holding at the commencement of each financial year at no less than 100% of debt servicing costs for such relevant period (c£1.1m).
- To ensure the ratio of borrowings at the end of each financial year to adjusted operating surplus for each financial year does not exceed 3:1.
- To generate positive operating cash flow during each year before capital expenditure.
- To plan cash flow in order to meet the needs of forward capital investments that support delivery of strategic goals.
- To continually review and improve monthly management reporting to help provide relevant information to support decision making and financial management and control.
- To improve the College estate, facilities and equipment by:
  - Generating sufficient funds to ensure that the College can undertake its specified programme of planned maintenance.
  - Generating sufficient funds to ensure that the College can invest in the new technology and equipment required to support learning programmes and reduce operating costs and carbon emissions over the medium term.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

- To ensure adequate procedures are in place to comply with the College Financial Handbook, including protecting assets from loss, theft and neglect.
- To strengthen procedures for testing the desirability and affordability of proposals which have a financial implication.
- To maintain confidence of bankers, funding agencies, suppliers, professional advisors by:
  - Providing financial and non-financial returns on time and in the agreed format.
  - Ensuring all returns requiring certification by auditors are unqualified and submitted on time.
  - Adhering to the College's policy to pay all suppliers within 30 days of receipt of invoice or to within negotiated supplier terms.
  - Raising awareness of financial issues by providing advice and training to staff, management and governors on funding, budgeting and financial procedures.
  - Providing adequate information to ensure that relevant stakeholders are kept up to date with the financial position.

## EMPLOYED RESOURCES

### Staff Numbers

15. The table below shows the headcount of core and hourly paid staff at the College as at 31 July 2025. During the year there was a planned increase in Learning Support Assistants to support the additional number of students with special education needs alongside the natural growth in student numbers noted above. In addition there were more work based learning assessors employed to support additional apprentices.

	Headcount on 31 July 2025	Headcount on 31 July 2024
Teaching staff	279	301
Non-Teaching staff	513	457
Total	792	758

16. There are positive and productive relations between college leaders and recognised Trade Unions, supported by monthly meetings. The College has a well-established Reward and Recognition Policy, with monthly and annual staff awards awarded by the Corporation for outstanding contributions and celebratory annual events organised for winners.

### Student Numbers 2024/25

Provision Type	Number of learners	Number of learning aims
Education Programmes for Young People (16-18)	3970	7707
Adult Learning Programmes	1787	4271
Apprenticeships	1615	1641
High Needs Students	148	318
Higher Education – Full Time	125	n/a
Higher Education - Part Time	199*	n/a

17. The College's student numbers (and the numbers of aims they collectively undertook) continues to grow. The number of full-time higher education learners has declined

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

however the number of part time learners has increased. \*Part time higher education figure includes 112 higher or degree apprenticeship learners.

18. Education Programmes for Young People continued to flourish, with around 300 more students enrolled than in the previous year. The areas where growth was clearly evident were the Construction Trades, Health, Engineering, Motor Vehicle, and Business.
19. The College continued to support unemployed adults through its well-developed links with the Department for Work and Pensions. The Multiply initiative to improve numeracy in adults, was extraordinarily successful and provided a plethora of opportunities and vital support for adults. The support included working in partnership with the local NHS trust to develop the numeracy skills required for individuals to manage health conditions, assist with family and personal budgeting and develop the maths skills required for employment. The online programme to support largely unemployed adults into Teaching Assistant roles, remained highly successful and provided 348 adults access to careers in education via Teaching Assistant roles. The achievement rates were high, and most learners progressed into positive destinations.
20. An important trend in adult courses has been the continued delivery of English for Speakers of Other Languages (ESOL). In line with anticipated changes to local demographics. ESOL has grown in provision but stabilised over the last 2 academic years. Learner numbers have grown considerably over the last five years from 394 leavers in 2020/21 to 1078 leavers in 2024/25. ESOL remains one of the largest distinct sections of our adult learning provision. This programme meets a vital social responsibility to foster community cohesion, and good student engagement and results indicate success in supporting a wide range of needs.
21. The College offered a broad range of apprenticeships from Level 2 to Level 7 and collaborated with over a thousand employers across various sectors locally and regionally. Outcomes for apprentices have improved year on year and are now significantly above the most recent national rate, leading the College to self-assess this area of provision as Outstanding. This reflects the impact of ambitious curriculum planning, high expectations, strong partnerships with employers and high-quality support and delivery. Strong strategic leadership ensures the curriculum remains closely aligned with labour market demands. For example, Early Years apprentices' learning is closely coordinated with the Early Years and Childcare Strategy Group, ensuring programmes remain responsive to workforce priorities.
22. The College has a long history of offering Higher Education and does so under the banner of University Centre Colchester (UCC). Degree programmes are validated by the University of East Anglia. The University of Huddersfield continues to validate UCC's Initial Teacher Training programmes, whilst Higher National Certificates and Diplomas are validated by Pearson. UCC's awards range from Higher Certificates to Honours degrees and postgraduate qualifications and are all vocational in their nature. Degree programmes were offered to new students in six distinct subject areas, all meeting local need and all in demand by students. These were Construction, Engineering, Business, Education, Early Years and Counselling. Whilst the range of subjects is narrower than it was some ten years ago, there is greater choice in mode of study, with classroom-based and work-based students attending together in Construction, Engineering, Education and Business, widening participation by adapting to individual needs, and ensuring greater course viability and a secure future for those programmes. In September 2025,

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

enrolments onto apprenticeships in UCC outnumbered enrolments on traditional classroom-based higher and degree programmes for the first time.

23. The College recognises the need to continually update curricula and does so on the basis of student demand, employer demand and advancements in industry. During 2024/25, new curricula were developed including T Levels in Health, Digital and Engineering which will be first delivered in either 2025 or 2026 depending on demand and the College's ability to secure sufficient high quality work placements. The College also worked to introduce its first Higher Technical Qualification in September 2025 (an HNC in Construction Management) which from a standing-start has recruited 12 students in its first year, most of them as apprentices.

### Key financial assets

#### Main Tangible Assets

24. The College owns freehold land, buildings and equipment at a net book value of £72m and holds net assets of £27m. The College holds freehold ownership of two campuses: main campus at Sheepen Road, Colchester and a smaller site at Church Lane, Braintree. It has freehold title to nursery premises in Braintree and Spring Lane Sports Ground in Colchester whilst also operating from two other leasehold premises. Cash reserves rose to £5.4m by the close of the year.

### College Reputation

25. The College has a strong reputation for delivering high quality vocational skills training, instilling technical knowledge and skills, and the professional behaviours needed by individuals to achieve gainful employment and support businesses locally and regionally. This resolute focus on professional and technical education across all provision types is a stand-out feature of the College in a national landscape where a blend of academic (e.g. A Level) and technical programmes at Level 3 and above is more often the norm in General FE Colleges.
26. This clear vocational identity is supported and achieved through a teaching workforce of highly skilled and experienced specialists who enthusiastically share their wealth of industrial and workplace experience and expertise with future generations of employees in their skills sector. It is further supported through a significant volume of local employers who lend their support to the College and its students through temporary and permanent work, work experience and apprenticeship opportunities, guest lectures and, critically, input to curriculum development. In return employers' benefit from good access to locally available talent, and there are significant development opportunities for employed and self-employed individuals, largely through the College's offer of commercial training and development programmes.
27. The work-readiness agenda permeates all aspects of the student experience at Colchester Institute, with clearly articulated expectations of students around the attributes highly valued by employers such as strong attendance and punctuality, the ability to work with others, teamwork, communication and problem-solving. Such expectations are introduced to students as part of their induction and developed throughout the year through the personal development programme.
28. As a result of the College's strong reputation locally, numbers continue to grow and as of late October 2025, there were around 190 more 16–19-year-old students in the College than at the same point the previous year, and than were in the plan. This builds on growth

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

of around 300 young students in 2024/25. The College has once again responded to the significant surge in applications and enrolments by putting on additional classes in high-demand subjects which include the Construction Trades, Health and Creative and Digital Media. This has continued into the recruitment process for September 2026 with record numbers of over 3,000 attendees at Open Events held in October and November 2025.

### Inspections and Reviews

29. The College was inspected by Ofsted in October 2024, when a team of fourteen inspectors spent four days in the College, observing and judging all aspects of provision, and speaking extensively to students, staff and a range of college stakeholders. The inspection concluded that Colchester Institute was 'Good' in all eight judgement areas as follows:

• Education Programmes for Young People	Good
• Apprenticeships	Good
• Adult Provision	Good
• High Needs Students	Good
• Quality of Education	Good
• Behaviour and Attitudes	Good
• Personal Development	Good
• Leadership and Management	Good

In addition to the above it was noted that Safeguarding was effective, and that the College made a strong contribution to meeting skills needs (from a three-point scale of judgements: limited, reasonable or strong). This 'strong' grading has only been awarded to around one in three providers inspected since the judgement was introduced.

30. The college has undertaken a thorough annual self-assessment process for 2024/25 and confirmed all grades awarded during the October 2024 inspection have been maintained with the exception of apprenticeship provision which has been graded as outstanding, reflecting the excellent outcomes and quality of provision.

31. The College holds Matrix accreditation for the quality of its Careers Education, Information, Advice and Guidance and this was updated most recently in November 2024.

### STAKEHOLDERS

32. In September 2024 the College approved a Stakeholder Engagement Strategy for the period 2024 to 2026 which sets out how we can plan and implement stakeholder engagement, the joint benefits we can all achieve from these partnerships and the process of how we will achieve it; for our learners, apprentices, and staff. It also considers a number of internal and external key drivers.

33. In order for the College to meet its strategic objectives we recognise we must continue to build strong relations within each area of delivery through proactive engagement, investing time whilst taking direction and securing insight from a range of third parties, and especially local and regional employers.

34. Every course the College offers has a clear line of sight to employment or further study and as such should be informed by meaningful stakeholder engagement. Learners and apprentices can truly excel and meet their full potential from a curriculum and learning environment that is co-designed, co-developed and co-delivered with passionate and expert external stakeholders. This supports the technical learning process, embeds crucial skills needs and embeds essential employability skills applicable to real life situations.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

35. Stakeholder engagement inspires students to reflect on their intended destination or establish another path or next step they wish to take in their careers. It also sometimes leads into employment. The College recognise that when business and education come together with coordination and purpose, learners and apprentices can gain exponential benefits from the combined expertise. This is why the College partners with an extensive range of businesses to co-deliver numerous programmes across FE, HE and Apprenticeships – to provide an enriched experience.
36. The expectation is that stakeholders should go one step further than simply offering apprenticeships or work experience placements. They need to become part of the design process when reviewing, growing, and planning of the curriculum occurs. They can support in developing curriculum intent, expanding knowledge of new developments in the sector and knowing there is future economic demand in the courses or sectors that are on offer. Ultimately, every learner and apprentice deserve to fulfil their potential and move into a positive destination, in an industry of their choice. If we can ensure that we teach them the specialised and transferable skills they need, this will lead to our learners gaining a fulfilling career. This will help to provide a future workforce that addresses the skills gaps that are occurring locally, regionally and nationally.
37. We continue to develop positive and productive relationships with a significant number of key stakeholders, including students, parents, staff, employers, local authorities, developers, funding agencies, governmental organisations, local community groups, schools, trade unions, professional bodies and other FE institutions. The Principal and Chief Executive remains a committed member of the Federation of Essex Colleges (FEDEC) an important group for sharing of best practice, joint lobbying and collaborative working. Funding bids are developed through this group which provides additional support for teacher training, recruitment incentives and revenue and capital funding for new projects.
38. The Principal also sits on the We Are Colchester Strategic Board, a multi-agency group which provides a strategic framework locally, working in partnership on significant targeted issues affecting communities within the Colchester City region. This includes the effective deployment of Towns Funds monies on a range of community improvement and youth engagement projects. Senior leaders sit on a range of local Boards and Committees such as the Tendring Future Skills Board. This ensures that the College and its students remain at the forefront of local business decisions, and allows for engagement opportunities leading, among other things, to the provision of further apprenticeship and commercial opportunities.
39. At subject level, there is a centrally held register of stakeholder relationships and these are categorised to show whether these relationships assist in the co-design and/or co-delivery of the curriculum, or if they contribute to the College and the learner experience in other ways. The list is extensive, and it was noted in the recent Ofsted inspection that every curriculum area was working effectively with stakeholders to ensure the currency of course content and its relevance to future jobs within sectors. As an example, the Digital and Creative media team work with a range of organisations locally and nationally, including Epic Games who have provided staff with professional development to enable them to deliver skills development to students using cutting edge software and techniques.
40. College leaders have established sound communications with staff and provide regular written or video-recorded briefings and a staff suggestions scheme. The Principal meets with the whole staff body on at least two occasions during each year to provide updates on performance and priorities. The end of year address is coupled with the announcement of annual staff award winners through which a number of staff members (and teams) are

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

celebrated for their special achievements, having been nominated for awards by students or staff and selected as winners by a small panel of governors.

41. Student-to-staff links are also strong. Involvement of both staff and students in the work of College/Corporation committees is encouraged, including full Board membership for two staff members (one Teaching and one Business Support) and two student members (one FE and one HE). The student app 'CI Connect' continues to widen the options for the College to communicate with students 'en-masse' and in sub-groups (area, course etc) and provides for students a single central point to access all key college functions such as their timetable, the online shop, the absence line and their emails, and to receive notifications about college events and activities, or their own commitments such as examinations and careers appointments.
42. The "Learner Voice" is given particular credence and two annual surveys (an Induction Survey in October and a Teaching and Learning Survey in Spring) are conducted which provide rich and comprehensive feedback on the student experience which is analysed and acted upon at course, area and college levels. Participation levels in these surveys are very high, at over 90%. In 2024/5, the Overall Satisfaction rate in the Teaching and Learning Survey was at 90%, a slight decrease on an excellent score the previous year. Questions about keeping and feeling safe scored particularly highly with very positive views on the gaining of new skills and knowledge; the support they receive; and being treated fairly and with respect.
43. The College pays close attention to Student Voice among its Higher Education students. The 2024/25 National Students Survey (completed by Higher Education leavers) showed further increases in student satisfaction levels against the previous year and against the England average. UCC outcomes were above the England average in six out of seven categories within the survey, including *Teaching on my course* (+3.11%), *Learning Opportunities* (+5.00%), *Assessment and Feedback* (+9.60%) and *Academic Support* (+8.40%). This third consecutive year of positive NSS results, places UCC in a good position in relation to meeting its conditions of registration with the Office for Students and for any future Teaching Excellence Framework submissions.
44. The College continues to benefit from a significant package of work underpinning the Memorandum of Understanding with East Suffolk and North Essex NHS Foundation (ESNEFT) which was put in place to support collaboration and particularly to enrich the experience of Health, Care and Science students and better prepare them for roles within the Trust, whilst supporting improved progression into NHS roles. In this latter regard, a number of jointly led Community Engagement Training Academies continued to provide adults with opportunities to join intensive training courses during 2024/25, leading to the potential of obtaining a permanent job within organisations across the Suffolk and North East Essex Integrated Care System geography. The highly effective relationship with ESNEFT not only continues to benefit staff and students in the Centre for Health and Care Professions in a number of ways including enhanced work experience, mentoring, masterclass opportunities, and guaranteed job interviews at the end of their programme or Higher-level study, but also now provides similarly enriched opportunities for our Biomedical Science students, a new Level 3 course which commenced in September 2024 to help address the shortage of healthcare scientists within ESNEFT and the wider NHS.

## PUBLIC BENEFIT

45. Colchester Institute is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are Trustees of the Charity, are disclosed within the Governance Statement. In

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

launching its new Strategic Plan and 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. In delivering its mission, the College provides a range of identifiable public benefits through education and skills development. Indeed, education, alongside economic wellbeing has been identified as two key determinants of health, improving individuals' lives and reducing demand on public services. In addition to this 'umbrella' benefit, the College provides the following public benefits:

<sup>3</sup>

- Delivery of programmes specifically aimed at economically inactive adults and young people, to assist them into work or closer to the workplace.
- Excellent pastoral support for students, to help address practical and emotional barriers to learning at a time of financial challenge for many families and rising mental ill-health locally and nationally.
- Consistently high levels of success for students in securing work, and appropriate university places, with strong destination data.
- Significant ladders of opportunity allowing students to progress to the highest possible levels of learning across a broad range of vocational areas, widening their options to embark on further study or higher-level employment.
- Strong employer partnerships, supporting workforce development and positive impact on the local and regional economy.
- Significant primary and secondary employment through the normal course of business operations, and capital developments.
- Making high-quality Careers Education, Information, Advice and Guidance available to applicants and learners, including, for economically inactive adults, two Community Support Engagement Officers who have actively supported almost 100 adults into sustainable employment in the Construction and Engineering sectors;
- Acting as an anchor institution within the community providing access to high quality facilities for the use of individuals, other employers and groups.
- Through its charity, CIFT (the Colchester Institute Foundation Trust) providing support to students and apprentices whose financial circumstances (or family financial circumstances) might otherwise mean that they need to leave the College without the qualifications needed to secure an economically active future.

## FINANCES

46. After a year of consolidation of college finances over the previous reporting period, we are pleased to report that a very positive operating surplus is recorded for the year ended July 2025 that further elevates financial health to a 'Good' grade under DfE methodology. The performance was largely supported by higher FE Funding income generated through an ongoing trend of increased FE 16-19, Apprenticeships and FE adult recruitment, alongside an increase in per-head funding, which drove overall income up 4.6% to over £44m.
47. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In the year, Government recurrent and specific grants rose by £3.5m accounting for £38.5m (88%) of total income, 16-19 funding grants increased by £2m and Apprenticeships income £0.7m. Tuition fee income decreased £0.6m, the £0.4m attributable to fewer higher education enrolments.
48. During the year, the College employed more staff in line with increased activity levels, the average headcount for staff increased from 751 to 768, with an increase in the number of non-teaching staff contracts. There was a planned increase in learning support assistants to help with the additional number of students with special education needs alongside the natural growth in student numbers.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

49. A 4% general pay increase was awarded to all staff from January 2025 which coupled with other targeted increases including teaching skills supplements in some areas, and a larger staff base, resulted in a £0.9m increase in wages and salaries on the previous year, and consequentially the College incurred higher social security and pension costs in the year. Other operating expenses fell by £1.6m, largely due to a reduction in non-teaching costs in areas such as subcontracting and establishment costs. Due to further improved performance within the Essex Pension Fund the annual FRS102 valuation provided for a £11m improvement in the net pension asset, increasing up to £35m (however this pension surplus is restricted to nil in the college balance sheet for accounting purposes).
50. Despite additions of £2m in the year, the net book value of fixed assets reduced by £1m because of asset disposals and depreciation charges.
51. For the first time since 2009, the College balance sheet is showing positive net current assets, as financial recovery continues. Current asset values increased by £2.5m, largely driven by the receipt of £2.6m in restricted cash grants from DfE, to be expended over the forthcoming periods, and the value of creditors decreased by £750k.
52. Key performance indicators were monitored by the Corporation Board throughout the year and the operating surplus improved our financial health rating under DfE methodology to 210 points, the highest points score since 2009 returning 'Good' financial health as targeted at the start of the year.
53. The Corporate Budget for 2025-26 was approved by the Corporation in July 2025 with an operating surplus (pre-defined benefit obligations and exceptional items) of £0.9m. This has been set at a much higher level than previous years, with an expectation that income for Work Based Learning will continue to increase, alongside the already confirmed higher per-head funding for 16-19 activities. The College Executive continue to develop medium to long term strategies to drive further growth and business opportunities that will ensure Good financial health can be maintained into the future.

## CASHFLOWS AND LIQUIDITY

54. The College delivered on positive net cash flow on operating activities to the value of £3.1m prior to investment and financing activities, an increase of £0.7m on the previous year. Of a total of £1.7m investment in capital assets, £1.3m was received in capital grants. Cash paid to support existing bank loan will continue to remain stable at c£1.1m per annum until the fixed term loan agreement is repaid in 2036.
55. The College met all bank loan covenants during the year and calculated tests for cash holding requirements at year end. Since college reclassification as public sector in November 2022, the College has been unable to undertake any new commercial lending.
56. The College holds cash reserves amounting to £5.4m compared to £3.1m in the previous year, and it strives to continue to build reserves wherever possible to support long term capital investment and to guard against future uncertainties.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

### FUTURE DEVELOPMENTS

57. The College is mindful of the significant role that Colchester Institute can, and will, play in support of the Labour government's five key missions for this parliament (2024 – 2029) and these underpin many aspects of the College's own Strategic Plan.

The missions are as shown in bold text below.

58. **Kickstart economic growth.** There is a clear link between economic growth and the skills agenda, and the College's annual Accountability statement, found on the College website, outlines the very many ways in which the College's programmes for young people and adults are responsive to local and national skills priorities.

59. **Make Britain a clean energy superpower.** Having declared a climate emergency in 2021, the College recognises the importance of delivering the skills required for the construction and operational phases of local projects including Freeport East, Sizewell C, and the Longfield Solar Farm. The College's outstanding Net Zero Centre, launched in September 2024 will further continue to support local, regional and national plans for clean and green energy, through the training of thousands of local heating engineers and electricians, in the installation, service and repair of domestic renewables.

60. **Take back our streets.** The College is clear that its duty to educate extends to personal skills, and through its Personal Development curriculum this includes instilling in students the skills and behaviour to assist them in making responsible choices as citizens. The College will continue to provide programmes for growing numbers of Public Services students, working closely with the uniformed, protective services for which it trains future recruits.

61. **Break down barriers to opportunity.** The College is proud of its broad and inclusive curriculum offer which provides appropriate learning opportunities for people of all ages, backgrounds, abilities, and previous achievements to access programmes which improve their life chances and economic wellbeing.

62. In support of an **NHS fit for the future**, the College continues to enjoy an outstanding relationship with the East Suffolk and North Essex NHS Foundation Trust (ESNEFT) and with the local Integrated Care System (SNEE ICS). Continued growth is planned in both Health and Social Care and in Biomedical Science, including T Level programmes in these areas.

63. In October 2025, the Government published the **Post 16 Education and Skills White Paper**. This paper sets out ambitious plans to education and train the workforce of the future, giving people the skills and knowledge they need to succeed, through clear, flexible routes to high-quality training and through closer partnership working with employers. The College welcomes the recognition of the importance of the FE and Skills sector in delivering on these plans and is ready to respond in the following ways:

- Continuing to develop strategies to address and reduce rising numbers of young people Not in Education, Employment or Training (NEET), locally building on the success of the newly introduced Access to Education and Employment programme;
- Embracing the opportunities of the Growth and Skills Levy to provide support to employers in meeting knowledge and skills needs in their organisations;

## STRATEGIC REPORT

- Continuing and growing its flexible offer of in-person and on-line English, mathematics and other essential employability skills;
- Ensuring a broad programme of high-quality adult vocational training, including via Sector-Based Work Academy Programmes and Bootcamps;
- Further growing its offer of Level 4 and 5 technical qualifications building on the success of these programmes in Construction and Engineering
- Seeking out the opportunities that the Lifelong Learning Entitlement presents to support skills acquisition at Levels 4 and above in the sectors most needed locally and regionally;
- Seeking capital grants to support planned expansion of campus facilities in readiness to both meet current unmet demand and to support guaranteed college places for 16-18 year olds in the future;
- Considering all opportunities for Technical Excellence Colleges, whether alone or in conjunction with other providers;
- Embracing the Industry Exchange programme, building on existing high-quality relationships with a multitude of employers who co-deliver the curriculum to the benefit of learners and learning;
- Developing new curricula and working closely and collaboratively with other local Post 16 providers to ensure a comprehensive offer of A Levels, V Levels and T Levels across the three districts which the College chiefly serves;
- Becoming a sector leader in the adoption of AI to support strategic goals and teaching excellence, and to support the drive to upskill 7.5 million UK workers with essential AI skills;
- Working collaboratively with local schools to support their requirement to ensure a planned destination for every pupil;
- Reviewing and revising the College's curriculum offer for learners with SEND;
- Reviewing the recent significant investment that the College has made in roles to support high-quality teaching, and building on recent moves to provide more opportunities for industry-updating for all teaching staff;
- Embracing all national programmes to support early career teachers and complementing this with in-house initiatives to maximise retention of new, industry-experienced, teachers;
- Engaging constructively with consultations and national discussion, where we have concerns that any aspects of the current proposals for qualification reform might negatively impact on student recruitment, opportunity or progression.

64. As Greater Essex prepares for devolution, with a mayor to be elected in May 2026 and the Adult Skills Fund to be devolved to the Mayoral Strategic Authority by September 2027, the College is considering the opportunities that this will present to further its vital and impactful work with adults. The College welcomes the flexibilities to deliver the training that employers want and need, without some of the constraints of current government funding agreements. The Federation of Essex Colleges is working on a joint manifesto for the Mayoral Candidates, outlining the vital role that Colleges play in the provision of adult skills and presenting its 'asks' of the future administration. Colchester Institute has already proven itself a strong contributor to adult skills in the county, for example, as the largest contributor (with over 2,000 learners) to the Essex Multiply programme, for which the College one an award in January 2025 and as a significant contributor to Learning and Skills Fund projects in 2023/4 and 2024/5, exceeding initial allocations for project work on skills development and delivery.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

65. In October 2025, additional grant funding (based on increases to the funding rate and significant growth in 2024/25) enabled the College to make a 5% pay rise to all staff. This followed a 4% increase in January 2025. Coupled with other initiatives, the positive impact on staff retention and recruitment is now being seen. The College will continue to prioritise staff pay and reward. Achieving a reward package which reflects earnings in schools (and in industry where possible) will remain a top priority for College leaders in the years to come.

## TREASURY AND RESERVES POLICIES AND OBJECTIVES

66. In October 2024, the Finance and Resources Committee approved a Reserves Policy which sets out the College's approach to reserves to support its financial resilience and comply with Charity Commission guidance alongside best practice recommendation arising from the College Financial Handbook. The limits set out in the policy would normally be based on the charitable nature of the College with a focus on cash reserves and the extent to which these are restricted or unrestricted in their use. However, the policy is broader than just the cash position to ensure that all elements and requirements are included.

67. The principles of the reserves policy are to:

- maintain sufficient free reserves to enable the College to meet its charitable purpose and continue to provide a public benefit to current beneficiaries (including students, apprentices, employers and other stakeholders)
- balance the expenditure of income on current beneficiaries against ensuring that facilities and services have sufficient investment to improve and endure for future beneficiaries
- maintain a level of reserves that are prudent for the College to be considered a going concern but may include un-expendable reserves such as reserves applied to tangible fixed assets and reserves designated for or restricted to a certain purpose
- develop cash reserves to support priority property strategy developments at the Colchester Campus. This will include the intention to replace four end of life buildings with the support of capital funding provided by central Government..

68. The objectives are set out as follows:

- Retention of a minimum free cash balance of £2.5m at the end of the financial year and meeting bank loan cash covenant (which is lower than this figure)
- A capital reserve of £1m (held as a designated reserve)
- A general unrestricted (pre-FRS102 defined benefit obligation) reserve value of at least £20m which is approximately 50% of anticipated annual revenue income.

69. Whilst the College currently meets the criteria set out in the Reserves Policy, it is the Corporation's intention to further increase pre-FRS102 defined benefit obligation reserves over the life of the strategic plan through the generation of annual operating surpluses.

## STREAMLINED ENERGY AND CARBON REPORTING (SECR)

70. Carbon reduction remains high on the College's list of strategic priorities and leaders have continued to demonstrate a commitment to climate change through actions undertaken in the year, following on from the 2021 Declaration of a Climate Emergency. The College works with a range of partners to deliver on a future net zero strategy that was supported by a large-scale decarbonisation project at Colchester Campus in 2022. Follow-on initiatives undertaken during the year to reduce environmental impact included refurbishment of the main IT data centre including replacing air conditioning equipment and backup systems, reducing the number of corridor printers and transitioning to a cold print solution. Other energy consumption savings were supported by PC shut down

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

scripts in the evenings and upgrading to LED lighting systems including car parking and corridor lighting. There were 133 trees planted at main campuses and 3 diesel pool cars were retired and replaced with electric vehicles.

71. The work undertaken in this area was recognised through the Essex Business Award 2023 for Environmental Awareness, however it is recognised that more needs to be done to support carbon reduction and nature recovery. To this end a new Environmental and Sustainability Strategy has been approved and relevant action plans underpinning strategic goals are being developed.
72. Total carbon emissions for the period, calculated in accordance with HM Government Environmental Reporting Guidelines and using the GHG Reporting Protocols – Corporate Standard for 2024 and 2025 emissions data is as follows:

	1 August 2024 to 31 July 2025	1 August 2023 to 31 July 2024
Energy Consumption (kWh)	5,422,340	5,254,473
Intensity Metric (Gross Emissions) - Scope 1, 2, 3 (Gross) tCO <sub>2</sub> e	1,072.9	1,026.7
Intensity Metric (Net Emissions) - Scope 1, 2, 3 (Gross) tCO <sub>2</sub> e	672.5	541.1
Intensity Metric (Net Emissions) - tCO <sub>2</sub> e / Number of staff	0.850	0.721

During the fifth year of reporting under SECR, natural gas and electricity emissions have reduced significantly since the base year 2020-21. However, combustion of fuel for transport has increased in line with college activity levels. There has been a significant decrease in gross emissions overall since the base year, with an overall reduction of 33% (525 tonnes of CO<sub>2</sub>e).

There was an increase in carbon emissions during the year (46 tonnes of CO<sub>2</sub>e) compared with the previous period due to a one-off planned renewal of air conditioning systems in the Colchester Data Centre, causing carbon emissions for refrigerants to increase by 75 tonnes of CO<sub>2</sub>e. This is expected to have considerable beneficial impacts on electricity consumption over the next 10 – 15 years. Emissions from natural gas also increased in the year in line with college activity levels, but this was offset by a reduction in electricity emissions.

College management are working to ensure that the interim target of a 50% reduction in scope 1 and 2 emissions by 2030 is achieved.

## PRINCIPAL RISKS AND UNCERTAINTIES

73. There is a comprehensive list of risks regularly reviewed on the Corporate Risk Register. These risks are owned by members of the Senior Leadership Team and are reviewed by the Risk Management Committee, and further considered the Audit and Risk Committee on a termly basis. The principal risks during the year were identified as follows:-
  - **Defunding and Reform of Level 3 (and below) Qualifications:** College leaders continued to take forward arguments to policy makers (politicians and officers) within Government to ensure that the College's (and its student's) futures are not adversely affected by proposed qualification reforms. The College will submit a comprehensive response to the current consultation which closes on 12 January 2026. In parallel, plans will be made to incorporate new V Level qualifications into the curriculum, in addition to expanding T Level provision.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

- **College Accommodation:** The Corporation recognises the urgent need to identify and access significant capital rebuild funding to support re-ordering of the Colchester Campus. Under the Estates and Accommodation Strategy, approved by the Corporation, four buildings have been identified as requiring replacement, having previously been considered end of life under the 2009 Property Strategy.
- **Staff Recruitment issues:** New measures were initiated during the year to mitigate this risk. This included appointing a dedicated talent acquisition team and a new application portal system designed to increase efficiency within the recruitment process.
- **Staff Retention issues:** There has been a 30% reduction in staff turnover during the year as a result of a number of employed measures including improved terms and conditions, additional CPD opportunities and manager training.

### PERFORMANCE INDICATORS

74. Colchester Institute has continued to establish and utilise a series of indicators and targets, covering such key variables as recruitment volumes, achievement rates and financial ratios. Whilst the proportion of learners presenting with poor mental health, including high levels of anxiety the impact continues to increase, this is being well managed and the College has seen a continuing improvement in outcomes which are now strong and in most cases above the most recent national achievement rates.

75. Below is a selection taken from the 50 aspirational KPIs for 2024/25 set and agreed by the Corporation Board and monitored both at management and Board level throughout the year. The outturns reflect the ambitious targets and the reality of the cohort of students with whom we were working.

Target	Full Year Target 2024/25	Outturn 2024/25
Student Attendance – FE	90%	86.2%
Achievement rate – all further education qualifications	86%	84.6%
Overall Achievement rate - Apprenticeships	70%	72.9%
Retention – all FE enrolments	93%	91%
HE - Good Degrees	72%	85%
Student Teaching and Learning overall satisfaction rate	92%	90%
GCSE Mathematics and English pass rates	86%	86.6%
FE Destination Data – positive destinations	97%	92.7%*

\* 92.7% at the time of writing.

76. Progress against College KPIs was reported regularly to governors via a Curriculum and Quality Update provided for each Curriculum and Quality Committee meeting by the Deputy Principal. Progress towards financial KPIs is also tracked through detailed monthly reporting to the board in the Monthly Monitoring Report, compiled by the Deputy Chief Executive Officer. These reports are discussed at the relevant Committees and then further at Corporation Board meetings. The KPIs are cross-referenced to the one-year plan to meet Strategic Priorities, and this plan is monitored at both management meetings and Board Committee meetings.

77. During the year, the College met key bank covenant measures, including:

- a. To maintain available cash holding at the commencement of each financial year at no less than 100% of debt servicing costs for such relevant period (c£1.1m).

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

- b. To ensure the ratio of borrowings at the end of each financial year to adjusted operating surplus for each financial year does not exceed 4:1.

### STUDENT ACHIEVEMENTS

- 78. Overall student achievement for 16–18-year-olds in 2024/25 was 84.1%, 1.2 percentage points above the most recent national rate.
- 79. The overall achievement for GCSE Mathematics and English continue to improve with achievement rate for GCSE English at 86.9% against a national rate of 81.9% and 86.4% for GCSE mathematics against a national rate of 81.8%. Whilst the proportion of learners achieving a grade 4 and above in English and mathematics have improved this remains too low. Progress for learners who join the College with a grade 2 make better than average progress when compared with other GFE providers.
- 80. Learners in receipt of high needs funding (HNF) receive the support they need to be successful on their chosen programme of study. Learners with high needs on vocational courses across the college achieve as well as, or better than, their peers. The achievement rate for learners in receipt of HNF were 86.2%, 1.4 percentage points above those learners not in receipt of HNF.
- 81. Adult programmes achievement rates continue to improve at 85.1% compared to 83.1% in the previous year. College leaders continue to make a conscious effort to support the unemployed back to work within our communities. This provision includes programmes with traditionally lower achievement rates, such as Accounting, Functional Skills and a large number of programmes aimed at the long term unemployed including Early Years, Retail and Customer Service, Construction and Engineering. High levels of employment mean that those who are referred to the College by DWP are further from the workplace than their predecessors and are less likely to remain on programmes and achieve. However, there remain a good number of DWP clients who do very well on these programmes and go on to positive destinations and whilst this is the case, the College will continue with this provision.
- 82. Apprenticeship achievement rates continue to improve and in 2024/25 rose by 8.8 percentage points to 72.9%, 12.4 percentage points above the national average. The availability of End Point Assessments remains an issue in a small number of apprenticeships which results in apprentices completing this final element of their apprenticeship outside their planned end date. In 2024/25 the College reached 101% of the enrolment target and exceeded 114% of our profiled starts funding, highlighting our effectiveness in meeting both recruitment and financial goals.
- 83. In UCC 85% of graduating degree students gained a first class or upper second-class classification. This was a significant increase from the previous year (70%) and is above the most recent published national average of 77%.

### CURRICULUM DEVELOPMENTS

- 84. Health, Business, Accounting, Computing and Science courses continued to see large cohorts in 2024/25. Apprenticeships continued to expand, particularly in areas such as Management, HR and Engineering. In the Adult Skills Centres, the offer continued to support a broad range of qualifications designed to enter specific vocational sectors, alongside employability skills and English and mathematics. A more flexible delivery offer including on-line study with a coach proved very successful and this will continue.

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

85. July 2025 saw the completion of the first T-Level in Early Years with 90% achievement, 97% achieving Merit or Distinction overall. Learners' progression was excellent including first-choice universities and relevant employment.
86. September 2025 saw the introduction of the T Level in Health – Supporting Adult Nursing.
87. September 2025 saw the introduction of a new level 1 programme in Creative Media with 48 new enrolments across both main campuses. Within the trade construction department the level 1 provision has been reviewed to ensure it is ambitious and allows for clear progressions routes.
88. The Access to Education and Employment programme, formerly the Access to Apprenticeship programme, continues to expand to meet a high demand for a study programme for learners who are unable to access their first choice of study programme due to not meeting the entry criteria or over-recruitment across the College and who would potentially end up as NEET.
89. Changes to the condition of funding for English and mathematics has been implemented with a minimum of 100 hours delivery per GCSE from September 2025. Resourcing for this area remains a challenge.
90. The programme of defunding qualifications as part of the national qualification reforms remains a challenge. The White Paper published in late October 2025, aims to provide clarity around qualification at both level 2 and level 3, however there still remains real uncertainty how the proposed reforms will impact curriculum design, delivery and progression opportunities for our learners. College leaders continue to engage with decision-makers at the Department for Education, and to garner the support of influencers (including MPs) on the very real impact defunding will have on young people's educational choices in North Essex.
91. Following significant investment in recent years, the Braintree Campus provides outstanding facilities for students in Digital Media, Construction trades, Engineering, Foundation and Supported Learning and Business. Competition from local school sixth forms has impacted student numbers but plans are in place to extend the offer to greater numbers of adult and apprenticeship learners in the areas of specialism for this campus. Open events held in October and November 2025 have recorded higher levels of attendance than in previous years.
92. Higher Education provision remains an important aspect of Colchester Institute's offer and has now been consolidated to six 'in-demand' subjects: Engineering, Construction, Business (and Management), Counselling, Early Years and Teacher Education. These subjects provide progression opportunities for a small number of further education and apprenticeship leavers but largely attract more mature adults and provide important higher level training opportunities for employed people to progress existing careers. This is the case in five of the six subjects above, with Counselling more often aimed at career changers. With an eye on the upcoming Learning Loan Entitlement, a more modular curriculum with more frequent 'stepping off' points will be central to the College's offer and this was demonstrated through the revalidation of the traditional degree in Early Years in October 2025, which from 2026 will be offered either as a three year degree or a two year Foundation Degree with an optional top-up year.

## PLANNED MAINTENANCE PROGRAMME AND PROPERTY STRATEGY

93. It remains a policy of the College to write off maintenance and refurbishment costs as incurred. Planned maintenance is carried out throughout the year to support the ongoing

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

provision of high-quality teaching facilities, alongside other strategies included in the College Accommodation and Estates Strategy that was last approved in approved by the Corporation in March 2025.

94. The Colleges Estates and Accommodation Strategy is updated annually and considers all parts of the College estate. The Finance and Resources Committee remain focussed on the work needed to address the elements of the estate that are in poor condition and deliver fit for purpose accommodation at the Colchester Campus, for which there is a standalone Accommodation Masterplan 2030 in place.
95. The Masterplan contains four distinct phases which focuses on improving college condition and reducing operating costs, responding to skills priorities, creating capacity to support the surge in student enrolments and responding to net zero plans through the planned reduction of scope 1 and 2 carbon emissions. The Corporation recognises that it must act quickly given local population growth and the significant infrastructure developments underway in the region, demanding a skilled worker pipeline. The Corporation also wishes to develop cash reserves in order support the mid to long term strategies being developed for the new buildings are required at the Colchester Campus.

## PAYMENT PERFORMANCE

96. The College maintains the confidence of suppliers by adhering to a payment policy of to within 30 days of receipt of (a valid) invoice or to within negotiated supplier terms. This accords with the intentions of the Prompt Payment Code and the Late Payment of Commercial Debts (Interest) Act 1998 to which the College is committed.

## EQUITY, DIVERSITY AND INCLUSION

97. The College celebrates and values diversity within both the workforce and the student body and believes that it benefits from engaging staff of all backgrounds, thus allowing it to meet the needs of a diverse student population within a diverse society. The College provides a welcoming environment in which all learners and employees are encouraged to realise their full potential, where every individual is valued and enabled to progress. To this end, the College aims to ensure that all actual or potential learners and employees are treated equitably, regardless of: age, disability; gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (gender), sexual orientation. Learners engage in a range of activities encouraging them to be responsible, tolerant and respectful citizens; Fundamental British Values are promoted within a context which ensures increased understanding and appreciation of diversity.
98. The College's Equity, Diversity and Inclusion Policy is published on the College website, and there is a separate annual report and implementation plan. This is resourced, implemented and monitored on a planned basis, including by College Governors. In 2024/25, the College continued to roll-out training for managers and staff in EDI, based around the Deeper Thinking and Stronger Action EDI Toolkit. Alongside this, there were four meetings of the EDI Steering Group several members of which contributed to Professional Development sessions which ran as part of the Summer Staff Professional Development Days in July 2025.
99. The College welcomes employment applications from people with disabilities and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees. The College has also signed the 'Dying

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

to Work' Charter, committing to support in the best ways possible any employee who receives a terminal illness diagnosis.

100. Gender pay-gap information is reported separately and published on the College's website.

### DISABILITY STATEMENT

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

- a) The Facilities team review accessibility to all parts of the College to ensure ease of access for all staff, students and visitors including those with disabilities.
- b) If there are changes to walking routes, or major campus works or development, accessibility and signage is checked to be suitable for all, in liaison with staff and students.
- c) The Additional Learning Support Team are able to provide information and advice and are available to arrange support where necessary for students with disabilities and learning difficulties.
- d) The College Admissions and Additional Learning Support policies are available on request, which includes details of Admissions Review Panels and the appeals process.
- e) The College has a wide range of specialist support for students with disabilities including: In-class support or 1:1 support; note taking, interpreting and signing; support for those who have a medical condition; tutors for learners with specific learning difficulties; as well as specialist 1:1 study skills support, and non-medical help, for learners who have applied through the DSA process at HE level.
- f) The College Student Services Team provides a range of pastoral care and welfare support including the provision of dedicated student counsellors.

### SECURITY AND WELFARE

102. The College takes seriously its duty to safeguard and promote the welfare and well-being of both young people and vulnerable adults and provides a welcoming, safe and secure environment in which all students – and staff - are respected, valued and encouraged to realise their potential. A comprehensive Safeguarding Learners Policy is in place, alongside a separate Prevent Strategy, and both are reviewed annually. All staff and governors are obliged to read the annually updated 'Keeping Children Safe in Education' and to make a declaration to say that they have done so. A single central register of all staff and contractors ensures that appropriate checks are in place on those working with our students and that mandatory training has been carried out where appropriate. This is supplemented by the signing of an annual declaration by all staff, that there have been no criminal proceedings against them, or other similar incidents since their last formal DBS check.
103. Access and security ID systems are employed on main college campuses to support the safeguarding of our learners on site, and students, in addition to staff and visitors, are required to wear ID at all times on college premises. The College ID system was updated in September 2024 to better differentiate those campus-users who must be accompanied at all times on site. There is a robust security system on site to support staff and students with any concerns or incidents which may arise. With external, expert support, the College has also developed its Critical Incident Plan and Senior leaders, along with others with particular responsibilities within this plan, have received training in this area.

### TRADE UNION FACILITY TIME

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

104. The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1<sup>st</sup> April 2017.

These regulations place a legislative requirement on relevant employers, including Colchester Institute, to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Colchester Institute recognises two trade unions: UCU and UNISON.

### **For the period 01 August 2024 – 31 July 2025 the following applies**

Number of employees who were trade union officials: 06

Full-time equivalent number of employees who were trade union officials: 5.4

Percentage of working hours spent on facility time:

0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time: £19,824 (this is 10% of the combined union reps salary)

Total pay bill: £23,087,448 (total annual wage bill as at 31 July 2025)

Percentage of total pay bill spent on facility time: 0.085%

Time spent on paid trade union activities as a percentage of total paid facility hours: 50%.

## GOING CONCERN

105. College leaders are determined to continue to further improve financial resilience by paying down loan debt, achieving positive operating outcomes, and generating increased cash reserves each year. The results this year have exceeded expectations against these metrics alongside continued investment in our estate and equipment to enhance the College's ability to achieve its strategic goals. As a result of the financial performance, financial health has increased to the highest score for 16 years with 'Good' financial health recorded for 2024-25, which is budgeted to be maintained in 2025-26. This provides for a stable foundation for an analysis of the future going concern of the College.

106. With a high proportion of 16-19 year old students, the College has been able to take advantage of the incremental funding increases provided to the FE Sector over the last two years. This has been a welcome reprieve for a sector that was subject to funding restrictions for over a decade, forcing college leaders to scrutinise budgets and make difficult decisions every year to prioritise what is important to ensure financial health whilst delivering the best possible learning conditions for students. Despite this course viability and departmental targets will continue to be monitored via the course costing model, which contributes to curriculum planning and forms part of the continuous financial management cycle. Operating costs across all areas of college operations will continue to be reviewed and managed, recognising that investing in more efficient technologies and improved products or tendered services has resulted in overhead savings. The ongoing review of business processes to ensure efficiencies are improved or maintained is a critical management responsibility and there will be further work to complete tasks

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

associated within the Estates and Accommodation Strategy, which will further reduce operating overheads and carbon emissions. A value for money paper is presented to the Corporation Board each year identifying all projects in progress and improvements made.

107. The College has been deeply concerned over the planned defunding of Level 3 Applied General Qualifications since it was first announced by the previous Government, such that it registered as the highest risk on the Corporate Risk Register for over three years. College leaders have undertaken a number of risk mitigation tactics over this period, including high profile canvassing to share the likely detrimental impact this might have on General Further Education Colleges. Whilst funding reform still presents some uncertainty on the long-term funding position for Applied General Qualifications, the Minister for Skills has confirmed there will continue to be support for qualifications that are valuable to employers and ensure delivery of Labour's five missions for Britain. The College is also launching additional apprenticeship pathways and new T Level routes for 2026-27 entry.
108. The basis of the preparation of the going concern statement as part of these financial statements has been made by the Corporation following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future:
  - a. The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2025-26 and three-year financial plan. They approved the latter in the form of the College Financial Forecasting Return (CFFR) and detailed commentary that was submitted to the DfE in July 2025 which confirmed financial health 'Good'. It considered how forecast assumptions might impact the immediate and long term cashflows and profitability. The Corporation approved the budget and financial plan having satisfied itself that the assumptions used were both prudent and appropriate and that operational and financial plans therefore were a reasonable reflection of them, and the results robust.
  - b. The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 of the current financial year, including latest cashflow projections, forecast revenue and costs, and noted the very positive start to the year with an increase in 16-19 enrolments and other key income lines performing at or above budget targets.
  - c. The Corporation receives regular updates on the strategic and operational risks facing and impacting the College as part of its regular review of Corporate Risk Register. These were used to determine the most appropriate assumptions to be used in the forecasting process. The Corporation has reviewed the risks reflected and is content that the assumed controls and proposed mitigations are appropriate for the purposes of analysing the going concern of the College.
  - d. The Corporation stress tested the financial forecast for the current financial year and the period to 31 July 2027 using different scenarios in a detailed going concern report produced by the College Executive, and discussed the assumptions, forecast outcomes and the potential impact of each scenario, with the most likely scenario providing sufficient assurance on the ability to continue college operations into the foreseeable future.
109. After full and detailed consideration, review, discussion and challenge of the College Executive management and the financial forecasts presented, the Corporation is satisfied that the College has sufficient financial resources to meet its liabilities as and when they fall due and will be able to continue to operate on a solvent basis for the foreseeable

# COLCHESTER INSTITUTE

## STRATEGIC REPORT

future. It confirms therefore that it is appropriate for the Report and Accounts to be prepared on the going concern basis.

### EVENTS AFTER THE REPORTING PERIOD

110. The College received a payment in November 2025 from HMRC in respect of its ongoing VAT appeal. The payment relates to ongoing litigation that is set to be reconsidered at the Court of Appeal at a later date, and as such there remains a level of uncertainty over timing of income recognition. This income is considered a non-adjusting event in the preparation of these financial statements and therefore is not recognised.

### DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

Approved by order of the Members of the Corporation on 15 December 2025 and signed on its behalf by:



**LISA BLAKE**  
Chair of Corporation

**Date: 15<sup>th</sup> December 2025**

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### GOVERNANCE STATEMENT

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

1. The College endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"), which it has followed since it was adopted on 21 July 2015.
2. In the opinion of the Governors, the College complies with all the provisions of the Code and has complied throughout the year. 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.

### THE CORPORATION

3. 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 Appointment	Term of Office	Date of Leaving	Status of Appointment	Committees Served	Attendance in 2024/25*
S Arya	October 2024	4 years		Independent	C&Q, G,R&S	4 out of 5
A Andreas	January 2014	Ex-officio		Principal	C&Q, F&R,	5 out of 5
S Attwood	January 2024	4 years		Independent	A&R	5 out of 5
S Bettinson	April 2022	4 years		Independent	F&R (until 31.12.25) A&R (from 01.01.25)	4 out of 5
M Bediako	March 2024	4 years		Independent	A&R	2 out of 5
L Bingham	February 2025	2 years		Student (HE)		1 out of 3
L Blake	May 2019, reappointed May 2023	4 years		Independent	A&R (until 31.01.25) F&R (from 01.01.25) GR&S C&Q	5 out of 5
R Block	April 2022	4 years		Independent	F&R, GR&S	3 out of 5
C Donovan	August 2023	4 years		Independent	F&R	4 out of 5
T Empson	August 2023	4 years	01.04.25	Independent	C&Q	0 out of 3

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

A Fair	November 2024	4 years		Staff	C&Q	4 out of 4
M Iciek	January 2024	4 years		Independent	C&Q	5 out of 5
N Jay	December 2024	4 years		Staff	C&Q	4 out of 4
S Messenger	January 2024	4 years		Independent	C&Q, A&R	4 out of 5
J Patel	January 2020	4 years		Independent	A&R,	0 out of 0 (leave of absence)
K Prince	January 2008 last reappointed January 2020	4 years	31.12.24	Independent	Chair of Board, and member of all Committees except A&R	2 out of 2
D Swainson	August 2022	4 years	09.10.24	Staff	C&Q	1 out of 1
Tim Triffitt	December 2023	2 years	31.07.24	Student (FE)	C&Q	3 out of 5
C Williams	October 2022	4 years		Independent	C&Q	4 out of 5

\* Attendance relates to attendance at Corporation Board meetings during the year under review. (1 August 2024 to 31 July 2025). It does not include attendance at Committee and other meetings.

### Key to Committees:

A&R	Audit and Risk Committee
F&R	Finance and Resources Committee
C&Q	Curriculum and Quality Committee
GR&S	Governance, Remuneration and Search Committee

## THE GOVERNANCE FRAMEWORK

- It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.
- The Corporation is provided with regular and timely information on the overall financial performance of the 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. The Corporation meets at least once each term.
- The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These committees are Finance and Resources, Governance, Remuneration and Search, Audit and Risk, and Curriculum and Quality. Full minutes of Board and Committee meetings except those deemed to be confidential by the Corporation are published on the College's website ([www.colchester.ac.uk/governance](http://www.colchester.ac.uk/governance)) and are available from the Head of Governance at:

Colchester Institute, Sheepen Road, Colchester, Essex, CO3 3LL

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

7. The Head of Governance maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.
8. All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Head of Governance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and dismissal of the Head of Governance are matters for the Corporation as a whole.
9. Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc-basis.
10. 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.
11. There is a clear division of responsibility in that the roles of the Chairman and Accounting Officer are separate.

### APPOINTMENTS TO THE CORPORATION

12. Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Remuneration and Search Committee consisting of the Chair of the Corporation, Committee Chairs plus one Independent member of the Board. The Committee is responsible for the selection and nomination of any new Member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.
13. Members of the Corporation are appointed for a term of office not exceeding four years. Members do not normally serve for more than two terms of four years except where subsequently undertaking a new role of Chair or Vice Chair.

### CORPORATION PERFORMANCE

14. The Governing Body is committed to development. All Governors have been subscribed to the Education and Training Foundation online Governance Development Programme, and update briefings were provided before full Governing Body meetings on the following topics: Safeguarding, Emerging Risks, Governor planning day – next steps. New Governors completed online training sessions on Safeguarding, Working with the Prevent Duty and attended Association of Colleges (AoC) induction sessions. At least one Governor and/or the Head of Governance attended the following external events:
  - AoC Regional Governance Conference
  - AoC East Chairs of Corporation Network
  - AoC SEND Committee Network Meeting
  - AoC EDI Committee Network Meeting
  - AoC Curriculum & Quality Chairs Network
  - AoC Finance and Audit Committee Chairs Network
  - AoC Clerks Network meetings

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### GOVERNANCE, REMUNERATION AND SEARCH COMMITTEE

15. The Board adopted the Association of Colleges' Senior Post Holder Remuneration Code (Remuneration Code) at its meeting on 26 July 2019.
16. Throughout the year ending 31 July 2025 the College's Governance, remuneration and Search Committee comprised 5 members. The Committee's responsibilities include consideration of the remuneration and benefits of all designated senior post holders:
  - Principal and Chief Executive
  - Deputy Chief Executive
  - Deputy Principal
  - Vice Principal: Curriculum Innovation and Business Transformation
  - Head of Governance
17. The Governance, remuneration and Search Committee three times in the year to 31 July 2025. The members of the Committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
L Blake	3 of 3
S Bettinson	2 of 3
R Block	3 of 3
C Williams	2 of 3
S Arya	1 of 3

18. The Board approved a Senior Post Holder Remuneration Policy at its meeting on 26 July 2023.
19. In determining the remuneration of senior post holders the Board has regard to the benchmark data for general further education colleges published by the Association of Colleges and other available sources' external comparator data. Benchmark data published in Spring 2025 shows that for a College in the £40m - £50m income bracket the median College Principal salary in GFE Colleges in 2024 was £167,700, with the upper quartile at £180,367 and the lower quartile at £159,754. By comparison, the salary for the Principal and Chief Executive at Colchester Institute was £136,348 on 31 July 2025. It has not been the wish of the Corporation Board to maintain the Principal's pay at a level below published comparators. This was the preference of the Principal and Chief Executive, over the many years of her tenure when the College's financial challenges led to no, or low, annual pay increases for the wider staff body.
20. Details of remuneration for the year ended 31 July 2025 are set out in note 6 to the financial statements.

### AUDIT AND RISK COMMITTEE

21. The Audit and Risk Committee comprises five Members of the Corporation (excluding the Principal and Chair). Two Members of the Committee have relevant financial and audit experience. The Committee operates in accordance with written terms of reference approved by the Corporation.
22. The Audit and Risk Committee meets on a termly basis and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditor, 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.

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

23. The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and to the Audit and Risk Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented.
24. The Audit and Risk Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and the financial statements auditor and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.
25. The Audit and Risk Committee met four times in the year to 31 July 2024. The members of the Committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
L Blake (until 31.12.24)	1 of 1
S Bettinson (from 01.01.25)	2 of 2
S Attwood	3 of 3
M Asare Bediako	2 of 3
J Patel (leave of absence)	0 of 3
S Messenger	3 of 3
V Verma	1 of 3

## FINANCE AND RESOURCES COMMITTEE

26. The Finance and Resources Committee comprises at least six Members of the Corporation. It is responsible for advising the Board on all aspects of the Corporation's financial policies including detailed consideration of the annual income and expenditure estimates and regular monitoring of the corporation's financial position. The Committee also considers and advises the Board on property and land matters, franchise arrangements and tuition, and other fees payable to the Corporation. The Committee considers and advises on the work of the People and Culture team including a regular review of key performance indicators and strategic developments.
27. The Finance Committee met five times in the year to 31 July 2025. The members of the Committee and their attendance records are shown below:

<b>Committee member</b>	<b>Meetings attended</b>
R Block	5 of 5
L Blake (from 1.1.25)	1 of 1
S Bettinson (until 31.12.24)	2 of 2
C Donavan	5 of 5
K Prince	2 of 2
S Blake	4 of 5
S Conner	1 of 5

## CURRICULUM AND QUALITY COMMITTEE

28. The Curriculum and Quality Committee comprises at least six Members of the Corporation. It is responsible for monitoring the academic standards of the College, reporting to the Board on all aspects of student performance and the effectiveness of learning and teaching, quality improvement and the Self-Assessment Report. The Committee also considers and advises the board on matters of quality assurance,

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

employer engagement, student experience, external reviews, higher education matters, and student support. It also guides the Board on strategic planning, stakeholder communication, and responses to government policy affecting learners.

29. The Curriculum and Quality Committee met four times in the year to 31 July 2025. The members of the Committee and their attendance records are shown below:

Committee member	Meetings attended
L Blake	3 of 3
M Icek	4 of 4
S Messenger	3 of 4
K Prince	1 of 1
C Williams	4 of 4
S Arya	2 of 4
N Jay	3 of 3
A Fair	3 of 4
T Trifritt	1 of 3
A O'Donoghue	3 of 4

## INTERNAL CONTROL

### Scope of responsibility

30. 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, not absolute assurance, against material misstatement or loss.
31. The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the 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 Funding Agreement between Colchester Institute 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

32. The system of internal control is based on an ongoing process designed to identify and prioritise the risk 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 Colchester Institute for the year ended 31 July 2024 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

33. 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 period ending 31 July 2024 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### The risk and control framework

34. 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 Corporation of monthly and annual financial reports which indicate financial performance against forecasts;
  - setting targets to measure financial and other performance;
  - clearly defined capital investment control guidelines; and
  - the adoption of formal project management disciplines, where appropriate.
35. The College has an internal audit service, which provides for an independent objective and consulting activity designed to add value and improve organisational process and operations. 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 and Risk Committee. Annually, the Internal Auditor provides the Corporation with a report on internal audit activity in the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### Risks faced by the Corporation

36. The risks faced by the Corporation are identified as follows: -
  - **Defunding and Reform of Level 3 (and below) Qualifications:** College leaders continue to take forward arguments to policy makers (politicians and officers) within Government to ensure that the College's (and its student's) futures are not adversely affected by proposed qualification reforms.
  - **College Accommodation:** The Corporation recognises the urgent need to identify and access significant capital rebuild funding to support re-ordering of the Colchester Campus. Under the Estates and Accommodation Strategy, approved by the Corporation, four buildings have been identified as requiring replacement, having previously been considered end of life under the 2009 Property Strategy.
  - **Staff Recruitment issues:** New measures were initiated during the year to mitigate this risk, which is reducing. This included appointing a dedicated talent acquisition team and a new application portal system designed to increase efficiency within the recruitment process.

### Control weaknesses identified

34. During the year there were no control weaknesses identified during a programme of four planned internal audits alongside a full external funding audit.

### Responsibilities under funding agreements

37. The Corporation undertakes a range of measures to seek assurance that contractual responsibilities under funding agreements are met. Within the year, external reviews were undertaken to monitor compliance with Funding Rules to identify funding risks and the effectiveness of controls for apprenticeships and in subcontracting controls.

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

### Statement from the Audit and Risk Committee

38. The Audit and Risk Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit and Risk Committee believes the Corporation has effective internal controls in place.
39. The specific areas of work undertaken by the Audit and Risk Committee in 2024/25 and up to the date of the approval of the financial statements are:

Review undertaken	Assurance Level	Recommendations			
		Urgent	Important	Routine	Operational
Assurance Review of Learner Experience	Substantial	0	0	2	1
Assurance Review of English and Maths	Limited	0	4	0	0
Assurance Review of Payroll	Reasonable Assurance	0	1	1	0
Cyber Security Maturity Assessment	Substantial	0	0	0	2

### Review of effectiveness

40. As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:
  - the work of the internal auditors;
  - the work of the senior leadership team who have responsibility for the development and maintenance of the internal control framework;
  - feedback from the financial statements auditor, the reporting accountant for regularity assurance, or any other external assurance activity delivered in the year.
41. The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Committee which oversees the work of the internal auditor, the Risk Management Committee, and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.
42. The College Executive 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 College Executive and the Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Audit and Risk Committee's agenda includes a regular item for consideration of risk and control and reports thereon to the Corporation Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the December 2025 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2025 by considering documentation from the College Executive and internal audit, recommendations from the Audit and Risk Committee and taking account of events since 31 July 2024.

# COLCHESTER INSTITUTE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

Approved by order of the Members of the Corporation on 15 December 2025 and signed on its behalf by:



**LISA BLAKE**  
Corporation Chair



**ALISON ANDREAS**  
Principal, Chief Executive  
and Accounting Officer

**Date: 15 December 2025**

**Date: 15 December 2025**

# COLCHESTER INSTITUTE

## STATEMENT OF REGULARITY, PROPERTY AND COMPLIANCE

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

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

I confirm that the following instance of non-compliance with the framework of authorities has been discovered and has been notified to DfE. If any further instances are identified after the date of this statement, these will be notified to DfE.

### **Matter 1 – Special payments College Financial Handbook 5.9**

During the year, the College failed to comply with the guidance provided by HM Treasury's Managing Public Money and the requirements of the College Financial Handbook for making special payments, including severance, compensation and ex-gratia payments. This was in respect of a severance payment made to one member of staff on 25 July 2025. Due to a contractual drafting error, the severance payment breached the Managing Public Money thresholds in place at the time and required DfE permission. Had the payment been made on or after 01 August 2025, the payment would have complied with the College's delegated authority threshold as set out in 5.9 of the College Financial Handbook 2025. However, DfE approval was not obtained before making this binding offer, and this represents a breach of the College's delegated authority thresholds at the time of the payment.



**ALISON ANDREAS**  
**Principal and Chief Executive**  
**and Accounting Officer**

**Date: 15<sup>th</sup> December 2025**

### **Statement of the Chair of Governors**

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



**LISA BLAKE**  
**Corporation Chair**

**Date: 15<sup>th</sup> December 2025**

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College or its subsidiary undertaking will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

The Corporation is responsible for the maintenance and integrity of the College's website; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the DFE and any other public funds are used only in accordance with the DFE's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the DFE or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and DFE's bite size guides.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Members of the Corporation are responsible for securing economic, efficient and effective management of the College and its subsidiary undertaking's resources and expenditure so that the benefits that should be derived from the application of public funds from the DFE and other public bodies are not put at risk.

**COLCHESTER INSTITUTE**

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

Approved by order of the Members of the Corporation on 15 December 2025 and signed on its behalf by:



**LISA BLAKE**  
Chair of Corporation

**Date: 15 December 2025**

# COLCHESTER INSTITUTE

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

### Opinion

We have audited the financial statements of the Group and Colchester Institute (the 'College') for the year ended 31 July 2025, which comprise of the Consolidated and College Statements of Comprehensive Income, the Consolidated Statements of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant 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:

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2025 and of its deficit of expenditure over income for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 and College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### 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 governors are responsible for the other information. 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.

# **COLCHESTER INSTITUTE**

## **INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Post 16 Audit Code of Practice 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**

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 number 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 number 8(b) to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

### **Responsibilities of the Governing Body**

As explained more fully in the Statement of Corporation Responsibilities on page 36, the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE**

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

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

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

- 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# COLCHESTER INSTITUTE

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF COLCHESTER INSTITUTE

### Use of our report

This report is made solely to the Governing Body, 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 Governing Body 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 Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

*MHA*

### **MHA**

Chartered Accountants and Registered Auditor  
London, United Kingdom

Date: 19/12/2025

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

**Date:** 19/12/2025

# **COLCHESTER INSTITUTE**

## **REPORTING ACCOUNTANT'S REPORT ON REGULARITY YEAR ENDED 31 JULY 2025**

**To: The Corporation of Colchester Institute and Secretary of State for Education**

In accordance with the terms of our engagement letter dated 14 November 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 for 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 Colchester Institute during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of Colchester Institute 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 Colchester Institute 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 Colchester Institute and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Colchester Institute 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 to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the 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.

**REPORTING ACCOUNTANT'S REPORT ON REGULARITY  
YEAR ENDED 31 JULY 2025**

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, except for the matter listed below, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

**Matter 1 –Special payments College Financial Handbook 5.9**

During the year, the College failed to comply with the guidance provided by HM Treasury's Managing Public Money and the requirements of the College Financial Handbook for making special payments, including severance, compensation and ex-gratia payments. This was in respect of a severance payment made to one member of staff on 25 July 2025. Due to a contractual drafting error, the severance payment breached the Managing Public Money thresholds in place at the time and required DfE permission. Had the payment been made on or after 01 August 2025, the payment would have complied with the College's delegated authority threshold as set out in 5.9 of the College Financial Handbook 2025. However, DfE approval was not obtained before making this binding offer, and this represents a breach of the College's delegated authority thresholds at the time of the payment.

The College recognises that such approval should have been sought prior to this payment being made and has reviewed its procedures to prevent such an oversight from occurring in future years.

*MHA*

**MHA**

Chartered Accountants and Registered Auditor  
London, United Kingdom

Date: 19/12/2025

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

**COLCHESTER INSTITUTE**

**CONSOLIDATED AND COLLEGE STATEMENT OF TOTAL COMPREHENSIVE  
INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2025**

	Notes	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
<b>Income</b>					
Funding body grants	2	<b>38,741</b>	<b>38,741</b>	35,097	35,097
Tuition fees and education contracts	3	<b>2,009</b>	<b>2,009</b>	2,583	2,583
Other income	4	<b>3,301</b>	<b>3,301</b>	3,227	3,227
Investment income	5	<b>140</b>	<b>140</b>	1,355	1,355
<b>Total income</b>		<b>44,191</b>	<b>44,191</b>	42,262	42,262
<b>Expenditure</b>					
Staff costs	6	<b>29,886</b>	<b>29,886</b>	25,890	25,890
Other operating expenses	7	<b>8,796</b>	<b>8,796</b>	10,483	10,483
Depreciation	9	<b>2,966</b>	<b>2,966</b>	3,058	3,058
Interest and other finance costs	8	<b>584</b>	<b>584</b>	593	593
<b>Total expenditure</b>		<b>42,232</b>	<b>42,232</b>	40,024	40,024
<b>Surplus before asset disposals and impairments</b>		<b>1,959</b>	<b>1,959</b>	2,238	2,238
Gain on disposal of tangible fixed assets		<b>(36)</b>	<b>(36)</b>	5	5
<b>Surplus for the year</b>		<b>1,923</b>	<b>1,923</b>	2,243	2,243
Actuarial gain/(loss) in respect of pension scheme	21	<b>(418)</b>	<b>(418)</b>	(1,779)	(1,779)
<b>Total comprehensive income for the year</b>		<b>1,505</b>	<b>1,505</b>	464	464

The comprehensive income is unrestricted, wholly attributable to the Group and College in respect of continuing activities.

The notes on pages 47 to 74 form part of these financial statements.

**COLCHESTER INSTITUTE**

**STATEMENT OF CHANGES IN CONSOLIDATED RESERVES**  
**YEAR ENDED 31 JULY 2025**

	<b>Income and expenditure account £000</b>	<b>Capital reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 August 2023</b>	<b>24,324</b>	<b>1,000</b>	<b>25,324</b>
Deficit from the income and expenditure account	2,243	-	2,243
Other comprehensive income	(1,779)	-	(1,779)
<b>Total comprehensive income for the year</b>	<b>464</b>	<b>-</b>	<b>464</b>
<b>Balance at 31 July 2024</b>	<b>24,788</b>	<b>1,000</b>	<b>25,788</b>
<b>Balance at 1 August 2024</b>	<b>24,788</b>	<b>1,000</b>	<b>25,788</b>
Surplus from the income and expenditure account	1,923	-	1,923
Other comprehensive income	(418)	-	(418)
<b>Total comprehensive income for the year</b>	<b>1,505</b>	<b>-</b>	<b>1,505</b>
<b>Balance at 31 July 2025</b>	<b>26,293</b>	<b>1,000</b>	<b>27,293</b>

The notes on pages 47 to 74 form part of these financial statements.

**COLCHESTER INSTITUTE**

**CONSOLIDATED AND COLLEGE BALANCE SHEETS  
AS AT 31 JULY 2025**

	Notes	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
<b>Non-current assets</b>					
Tangible assets	9	<b>72,206</b>	<b>72,206</b>	73,178	73,178
Investments	10	-	-	-	-
<b>Total non- current assets</b>		<b>72,206</b>	<b>72,206</b>	73,178	73,178
<b>Current assets</b>					
Stocks		<b>15</b>	<b>15</b>	18	18
Trade and other receivables	11	<b>2,089</b>	<b>2,089</b>	1,845	1,845
Cash and cash equivalents	16	<b>5,383</b>	<b>5,383</b>	3,137	3,137
		<b>7,487</b>	<b>7,487</b>	4,990	4,990
<b>Less: Creditors - amounts falling due within one year</b>	12	<b>(7,252)</b>	<b>(7,252)</b>	(7,998)	(7,998)
<b>Net current assets / (liabilities)</b>		<b>235</b>	<b>235</b>	(3,008)	(3,008)
<b>Total assets less current liabilities</b>		<b>72,441</b>	<b>72,441</b>	70,170	70,170
Creditors: amounts falling due after more than one year	13	<b>(44,365)</b>	<b>(44,365)</b>	(43,615)	(43,615)
<b>Provisions</b>					
Other provisions	15	<b>(783)</b>	<b>(783)</b>	(767)	(767)
<b>Total net asset</b>		<b>27,293</b>	<b>27,293</b>	25,788	25,788
<b>Unrestricted reserves</b>					
Income and expenditure account		<b>26,293</b>	<b>26,293</b>	24,788	24,788
Capital reserve	18	<b>1,000</b>	<b>1,000</b>	1,000	1,000
<b>Total unrestricted reserves</b>		<b>27,293</b>	<b>27,293</b>	25,788	25,788

The financial statements on pages 43 to 74 were approved and authorised for issue by the Corporation on 12<sup>th</sup> December 2025 and were signed on its behalf on that date by:



**L Blake** - Chair of Corporation Board



**A Andreas** - Principal and Chief Executive and Accounting Officer

**COLCHESTER INSTITUTE**

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**YEAR ENDED 31 JULY 2025**

	<b>2025</b> £000	<b>2024</b> £000
<b>Cash inflow from operating activities</b>		
Surplus for the year	1,923	2,243
<b>Adjustment for non-cash items</b>		
Depreciation	2,966	3,058
Decrease / (Increase) in stock	(7)	9
Decrease / (Increase) in debtors	(244)	(161)
Increase / (Decrease) in creditors due within one year	(517)	(234)
Increase / (Decrease) in provisions	16	31
Pension costs less contributions payable	(418)	(1,779)
Gain / (Loss) on disposal of fixed assets	36	(22)
<b>Adjustment for investing or financing activities</b>		
Interest and Investment income	(1,268)	(1,355)
Interest payable and other finance costs	584	593
<b>Net cash flow from operating activities</b>	<u>3,071</u>	<u>2,383</u>
<b>Cash flows from investing activities</b>		
Capital grants received	1,266	623
Investment income	1,268	1,355
Payments made to acquire fixed assets	(1,729)	(2,802)
Proceeds from sale of assets	(36)	22
	<u>(769)</u>	<u>(802)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(531)	(572)
Interest element of finance lease rental payments	(53)	(21)
Repayments of amounts borrowed	(525)	(500)
Capital element of finance lease rental payments	(485)	(392)
	<u>(1,594)</u>	<u>(1,485)</u>
<b>(Decrease)/increase in cash and cash equivalents in the year</b>	<u>2,246</u>	<u>96</u>
 Cash and cash equivalents at the beginning of the year	 3,137	 3,041
 Cash and cash equivalents at the end of the year	 <u>5,383</u>	 <u>3,137</u>

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES**

**Statement of accounting policies**

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 2024/25 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 have been prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain fixed assets. The Group is required to report to external agencies and funders throughout the year based on an operational pre FRS 102 and one off income and costs basis, that ultimately dictates the financial health rating under DFE methodology.

**Going Concern**

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

In line with financial objectives, the College and the Group continues to improve balance sheet reserves. As a result of the estates rationalisation plan and a significant improvement in operating performance over recent years, the College has now improved financial health. However, it is noted that further focus is still required in order to continue to improve current ratio and cash reserves further to a more sustainable level. The College has set out within its four-year financial plan (aligned to the Strategic Plan) as to how this will be achieved. Course costings is an essential mechanism for monitoring cost of delivery, allowing for timely decision making at curriculum planning events. Business processes continue to be reviewed to ensure efficiencies are achieved, and there will be further work to complete tasks associated within the Estates and Accommodation Strategy which will further reduce operating overheads alongside reducing carbon emissions.

A decision on going concern has been made by the Corporation having made the following enquiries to understand whether the College has adequate resources to continue in operational existence for the foreseeable future under the current economic conditions:

- a. The Corporation undertook a thorough examination of the assumptions underpinning the corporate budget 2025-26 and four-year financial plan, including how these assumptions impacted the short term and long range cashflow forecast and Income and Expenditure statement. The Corporation approved the 2025-26

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

budget having satisfied itself that the operational and financial plans were suitably robust.

- b. The Corporation has received and approved the detailed monthly management report and accounts for periods 2 and 3 and note a positive start to the year.
- c. The Corporation has stress tested the financial forecast for the current year and 2026-27 under four different scenarios and discussed these with the College Executive. One scenario stress tested the potential effect of defunding arrangements, on the financial forecast which resulted in the financial projections passing the Going Concern test.
- d. The Corporation continues to receive regular updates on principal strategic risks and operational risks presented within a detailed corporate risk register. The Corporation understands these risks and is content that the controls and mitigating actions are appropriate to the prevailing conditions.

Having taken the above into account, the Corporation considers it appropriate that the College does have adequate resources in place to meet its liabilities as they fall due and will continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. This decision is based on the enquiries made by the Corporation and the prevailing and current circumstances as at the date of signature below.

**Basis of consolidation**

The consolidated financial statements incorporate all the activities of the College and its subsidiary undertaking, Colchester Institute Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. The consolidated financial statements include all income earned from third parties. In accordance with FRS 102, the activities of the student union have not been consolidated because the Group does not control those activities. All financial statements are made up to 31 July 2025.

**Recognition of income**

Funding body recurrent grants are recognised 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 learner responsive funding element 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 at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the Funding body. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

In years in which the College is subject to a funding audit, the recurrent grant from the funding bodies is that receivable as determined by the results of the funding audit undertaken.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

The recurrent grant from Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES - *(continued)***

Income from tuition fees is recognised in the period for which it relates and includes all fees payable by students or their sponsors. The costs of any bursaries paid to students are included as expenditure in note 7.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

**Post-employment benefits**

Post-employment benefits to employees of the College are 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 payrolls. 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, reasonable and reliable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the period 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 a 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 cost of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses. When there is a LGPS asset the asset will not be shown on the balance sheet and the actuarial gain will be reduced by the amount of the asset.

At the year end, the initial actuarial report from the LGPS Actuary reported a net pension asset of £34,628,000. 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 FRS 102 criteria which states that this can only be recognised to the extent the College is able to recover the surplus either through reduced contributions or refunds from the plan.

The College has asked its Actuary to undertake an asset ceiling calculation. The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions and as a result of this calculation it has been concluded that no surplus exists.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES - (continued)**

Accordingly, the College has made an impairment charge on the asset reducing the net position at 31 July 2025 to £nil. Therefore, no defined benefit pension asset has been recognised.

**Enhanced Pensions**

The actual cost of any enhanced ongoing pensions to former members of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pensions of former members of staff is charged in full to the College's income and expenditure account 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.

**Tangible fixed assets**

**(a) Land and buildings**

Land and buildings inherited from the local education authority in 2003 are stated in the balance sheet on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost.

Freehold buildings are depreciated over their useful lives of between 15 and 73 years from the date of the revaluation or date of acquisition, whichever is later. Leasehold buildings are depreciated over the term of the lease. No depreciation is provided on buildings until they are brought into use. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and the buildings are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An impairment review will also be carried out if there have been favourable events or changes in circumstances since the impairment loss was recognised that would indicate that the impairment loss no longer exists or may have decreased.

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

In these accounts, to align with the requirements of FRS 102, the College has transferred the revaluation reserve to income and expenditure reserve.

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs, incurred to 31 July 2025. They are not depreciated until they are brought into use.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES - (continued)**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved;
- Asset capacity increases;
- Substantial improvement in the quality of output or reduction in operating costs; and
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

**(b) Equipment**

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment is depreciated on a straight line basis over 3 to 15 years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

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

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

**Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 1 ACCOUNTING POLICIES - *(continued)*

#### **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 Chapter 3 Part 11 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 a minor element of 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.

#### **Provisions**

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.

#### **Investments**

Investments in the subsidiary undertaking is stated at cost less accumulated impairment charges.

#### **Cash and Cash Equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practise 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 investment when it has a maturity of 3 months or less from the date of acquisition.

#### **Restricted Cash**

Restricted cash refers to sums held on behalf of the Group that it is not able to readily access at Balance Sheet date but expects to be able to access within the next accounting period and therefore this justifies the treatment as a current asset within the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES - (continued)**

**Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instruments 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 cost (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.

**Stock**

Stock is stated at the lower of cost or net realisable value.

**Learner Support Fund**

The Learner Support Fund grant from the funding bodies is available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account and are shown separately in note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

**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 as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risk 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.

*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 programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**1 ACCOUNTING POLICIES - (continued)**

• *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit position 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 surplus or liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and full actuarial valuation would impact on the carrying amount of the pension liability. When the Local Government Pension Scheme defined benefit liability is an asset, it is restricted due to non-recoverability.

• *Contingent asset in relation to VAT receivable*

In 2014, the College submitted an appeal against HMRC in respect of the historical treatment of VAT associated with a previous property strategy development. In January 2020, the Upper Tier Tribunal of the Tax Chamber accepted the College's appeal that certain grants received at the time were consideration for a supply made by the College, and therefore that the College was entitled to a repayment of VAT for assessments that had been levied against it.

Whilst the College received a payment in November 2025 from HMRC in respect of the appeal, the payment relates to ongoing litigation that is set to be reconsidered at the Court of Appeal, and potentially the Court of Appeal, at a later date, and as such there remains a level of uncertainty over timing of income recognition. This income is considered a non-adjusting event in the preparation of these financial statements and therefore is not recognised.

Management therefore considers that the asset relating to the payment does not meet the definition of "virtually certain" as defined in FRS 102 and therefore have not recognised the payment in the Group or College's balance sheet as at 31 July 2025.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 2 FUNDING BODY GRANTS

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
<b>Recurrent grants</b>				
Education and Skills Funding Agency- adult	3,096	3,096	2,763	2,763
Education and Skills Funding Agency- 16-18	25,726	25,726	23,711	23,711
Education and Skills Funding Agency- Apprenticeships	6,330	6,330	5,358	5,358
Office for Students	185	185	256	256
<b>Specific grants</b>				
Education and Skills Funding Agency	944	944	940	940
Education and Skills Funding Agency	1,320	1,320	955	955
Teacher Pension Scheme contribution grant				
Education and Skills Funding Agency	-	-	-	-
Other Covid 19 Funding	-	-	-	-
Department for Education	-	-	-	-
Provider relief scheme				
Releases of Government capital grants	1,140	1,140	1,114	1,114
	<hr/> <b>38,741</b>	<hr/> <b>38,741</b>	<hr/> <b>35,097</b>	<hr/> <b>35,097</b>

In the year, all Higher Education funding was received direct from the Higher Education Funding Council for England (HEFCE).

The College sub-contracts a proportion of its Department for Education contract allocation to a number of Work Based Learning providers in the area. The income shown above includes that earned by the College in its capacity as both a provider and also the gross amount of any sub-contractual provision.

### **Analysis of level 4 qualifications grant and fee income included within note 2 Funding Body Grants and note 3 Tuition Fees and Education Contracts**

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Grant income from the Office for Students	185	185	256	256
Grant income from other bodies	3,096	3,096	2,763	2,763
Fee income for taught awards (exclusive of VAT)	1,193	1,193	1,049	1,049
Fee income for non-qualifying courses	-	-	-	-
<b>Total</b>	<hr/> <b>4,474</b>	<hr/> <b>4,474</b>	<hr/> <b>4,068</b>	<hr/> <b>4,068</b>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 3 TUITION FEES AND EDUCATION CONTRACTS

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Adult education fees	513	513	657	657
Apprenticeship fees and contracts	39	39	77	77
Fees for FE loan supported courses	150	150	94	94
Fees for HE loan supported courses	1,307	1,307	1,686	1,686
 <b>Total tuition fees</b>	 <b>2,009</b>	 <b>2,009</b>	 2,514	 2,514
Education contracts	-	-	69	69
 <b>Total</b>	 <b>2,009</b>	 <b>2,009</b>	 2,583	 2,583

During the year no tuition fees were funded by bursaries due to a change in the DfE bursary funding regulations.(2024: £46k).

### 4 OTHER INCOME

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Catering and residences	81	81	68	68
Other income generating activities	2,531	2,531	2,398	2,398
Miscellaneous income	687	687	761	761
Donations	2	1	-	-
 <b>3,301</b>	 <b>3,301</b>	 3,227	 3,227	

### 5 INVESTMENT INCOME

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Bank interest received	140	140	149	149
Interest on Pension Fund (note 21)	-	-	1,206	1,206
 <b>140</b>	 <b>140</b>	 1,355	 1,355	

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 6 STAFF COSTS

#### Staff numbers

The average headcount (including key management personnel) employed by the Group during the year was:

	Group	
	2025	2024
	Number	Number
Teaching staff	293	303
Non-teaching staff	476	448
	<hr/>	<hr/>
	<b>769</b>	<b>751</b>
	<hr/>	<hr/>

#### Staff costs for the above persons

	Group	
	2025	2024
	£000	£000
Wages and salaries	20,545	19,611
Social security costs	2,108	1,788
Other pension costs	6,680	3,745
Redundancy costs	(12)	164
	<hr/>	<hr/>
Contracted out staffing services	29,321	25,308
	565	582
	<hr/>	<hr/>
	<b>29,886</b>	<b>25,890</b>
	<hr/>	<hr/>

All college staff including the Senior Leadership Team, were awarded a 5% general cost of living salary award with effect from 01 January 2025.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team which comprises the Principal, Deputy Chief Executive, Deputy Principal, Vice Principal and the Head of Governance as at 31<sup>st</sup> July 2025.

## COLCHESTER INSTITUTE

# **NOTES TO THE FINANCIAL STATEMENTS**

## **YEAR ENDED 31 JULY 2025**

## **6 STAFF COSTS - *(continued)***

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

	2025 Number	2024 Number
The number of key management personnel including the Accounting Officer was:	<u>5</u>	<u>7</u>

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance, but including benefits in kind and in this particular year, a contractual severance payment, in the following ranges was:

	Key management personnel		Other Staff	
	2025	2024	2025	2024
£ 5,001 to £ 10,000	-	1	-	-
£ 20,001 to £ 25,000	-	1	-	-
£ 25,001 to £ 30,000	1	-	-	-
£ 35,001 to £ 40,000	-	1	-	-
£ 40,001 to £ 45,000	1	-	-	-
£ 60,001 to £ 65,000	-	1	-	-
£ 75,001 to £ 80,000	-	1	-	-
£ 85,001 to £ 90,000	1	-	-	-
£ 95,001 to £ 100,000	1	-	-	-
£100,001 to £ 105,000	-	1	-	-
£130,001 to £ 135,000	1	1	-	-
	5	7	-	-

**Key management personnel compensation is made up as follows:**

	2025 £000	2024 £000
Salaries (including a contractual severance payment)	390	439
Employers National Insurance	51	54
Benefits in Kind	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
Pension contributions	441	493
	94	100
	<hr/>	<hr/>
<b>Total emoluments</b>	<b>535</b>	<b>593</b>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

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

### 6 STAFF COSTS - *(continued)*

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

	2025 £000	2024 £000
Salaries	134	130
Employers National Insurance	18	17
	<hr/> <b>152</b>	<hr/> <b>147</b>
	<hr/> <hr/>	<hr/> <hr/>

	2025 £000	2024 £000
Pension contributions	30	29
	<hr/> <hr/>	<hr/> <hr/>

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple

- Principal and CEO's basic salary as a multiple of the median of all staff 4.19.
- Principal and CEO's total remuneration as a multiple of the median of all staff 4.20.

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

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future.

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.

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

The College made severance payments during the year as follows:

<b>Type of Severance payment</b>	2025 £000	2024 £000
Contractual / statutory severance (redundancy, notice, holiday pay)	42	135
Special severance (non-contractual settlement agreements)	36	-
	<hr/> <b>78</b>	<hr/> <b>135</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

In total, the number of individuals receiving payment was 6 (2024: 19)

**6 STAFF COSTS - (continued)**

There were two special severance payments made in the year (2024: 0) under settlement agreements, approved by the Corporation, to settle potential claims relating to employment and its termination. The payments were made with the employee's agreement following independent legal advice.

The special severance payments are banded as follows:

Banding £		Number of payments
Min	Max	
1	25,000	1
25,001	50,000	1
50,001	100,000	-

All special severance payments are subject to prior Corporation approval, and where thresholds require, approval from the Department for Education.

During the year, the College failed to comply with the guidance provided by HM Treasury's Managing Public Money and the requirements of the College Financial Handbook for making special payments, including severance, compensation and ex-gratia payments. This was in respect of a severance payment made to one member of staff on 25 July 2025. Due to a contractual drafting error, the severance payment breached the Managing Public Money thresholds in place at the time and required DfE permission. Had the payment been made on or after 01 August 2025, the payment would have complied with the College's delegated authority threshold as set out in 5.9 of the College Financial Handbook 2025. However, DfE approval was not obtained before making this binding offer, and this represents a breach of the College's delegated authority thresholds at the time of the payment.

**7(a) OTHER OPERATING EXPENSES**

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Teaching costs	3,810	3,810	3,768	3,768
Non-teaching costs	2,097	2,097	3,843	3,843
Premises costs	2,889	2,889	2,872	2,872
	<hr/> <u>8,796</u>	<hr/> <u>8,796</u>	<hr/> <u>10,483</u>	<hr/> <u>10,483</u>
Other operating expenses include:	£000	£000	£000	£000
Auditor's remuneration:				
Financial statements audit	41	41	40	40
Other assurance services provided by financial statements auditor	-	-	-	-
Internal audit fees	22	22	19	19
Hire of assets under - operating leases	<hr/> <u>110</u>	<hr/> <u>110</u>	<hr/> <u>39</u>	<hr/> <u>39</u>

**COLCHESTER INSTITUTE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**7(b) ACCESS AND PARTICIPATION EXPENDITURE**

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Access investment	7	11
Financial support to students	2	2
Disability support	8	12
Research and evaluation (relating to access and participation)	5	5
	<hr/>	<hr/>
	<b>22</b>	<b>30</b>
	<hr/>	<hr/>

**8 INTEREST AND OTHER FINANCE COSTS**

	<b>Group and College</b>	
	<b>2025</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
On bank loans, overdrafts and other loans	531	572
On finance leases	53	21
Net interest on defined benefit pension liability (note 21)	-	-
	<hr/>	<hr/>
	<b>584</b>	<b>593</b>
	<hr/>	<hr/>

**COLCHESTER INSTITUTE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**9(a) TANGIBLE ASSETS**

**GROUP**

	<b>Land and Buildings</b>					<b>Total £000</b>
	<b>Assets in the course of Construction</b> £000	<b>Freehold</b> £000	<b>Leasehold</b> £000	<b>Equipment</b> £000		
<b>Cost or valuation</b>						
At 1 August 2024	2,590	99,505	738	11,017	113,850	
Additions	1,947	-	-	47	1,994	
Transfers	(4,014)	3,194	(4)	820	-	
Disposals		0		(1,544)	(1,548)	
At 31 July 2025	<u>523</u>	<u>102,699</u>	<u>734</u>	<u>10,340</u>	<u>114,296</u>	
<b>Depreciation</b>						
At 1 August 2024	-	30,920	516	9,236	40,672	
Charge for the year	-	2,308	16	642	2,966	
Elimination in respect of Disposals	-	-	(4)	(1,544)	(1,548)	
At 31 July 2025	<u>-</u>	<u>33,228</u>	<u>528</u>	<u>8,334</u>	<u>42,090</u>	
<b>Net book value</b>						
At 31 July 2025	<u>523</u>	<u>69,471</u>	<u>206</u>	<u>2,006</u>	<u>72,206</u>	
At 31 July 2024	<u>2,590</u>	<u>68,585</u>	<u>222</u>	<u>1,781</u>	<u>73,178</u>	

Land and buildings were originally revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS. Land and buildings acquired upon the merger with Braintree College were originally valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Following the transition to FRS102, the College followed the transitional provision to retain the land and buildings at deemed cost and not adopt a policy of revaluation.

**COLCHESTER INSTITUTE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**9(b) TANGIBLE ASSETS**

**COLLEGE**

	<b>Assets in the course of Construction</b> £000	<b>Land and Buildings</b>			<b>Total</b> £000
		<b>Freehold</b> £000	<b>Leasehold</b> £000	<b>Equipment</b> £000	
<b>Cost or valuation</b>					
At 1 August 2024	2,590	99,505	738	11,017	113,850
Additions	1,947	-	-	47	1,994
Transfers	(4,014)	3,194	(4)	820	-
Disposals		0		(1,544)	(1,548)
At 31 July 2025	<u>523</u>	<u>102,699</u>	<u>734</u>	<u>10,340</u>	<u>114,296</u>
<b>Depreciation</b>					
At 1 August 2024	-	30,920	516	9,236	40,672
Charge for the year	-	2,308	16	642	2,966
Elimination in respect of Disposals	-	-	(4)	(1,544)	(1,548)
At 31 July 2025	<u>-</u>	<u>33,228</u>	<u>528</u>	<u>8,334</u>	<u>42,090</u>
<b>Net book value</b>					
At 31 July 2025	<u>523</u>	<u>69,471</u>	<u>206</u>	<u>2,006</u>	<u>72,206</u>
At 31 July 2024	<u>2,590</u>	<u>68,585</u>	<u>222</u>	<u>1,781</u>	<u>73,178</u>

Land and buildings were revalued as at 1 August 1996 at depreciated replacement cost by Mr N J Percival BSc ARICS.

Land and buildings acquired upon the merger with Braintree College were valued on 1 January 2010 at depreciated replacement cost by Mr N J Percival BSc ARICS.

The net book value of equipment includes an amount of £619,000 (2024: £788,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £241,000 (2024: £294,000).

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 10 NON-CURRENT INVESTMENTS

COLLEGE	2025 £000	2024 £000
Investment in subsidiary undertaking at cost 1 August 2024 And 31 July 2025	-	717
Amount written off investment at 1 August 2024 and 31 July 2025	-	(717)
Net book value of investment at 31 July 2024 and 2025	-	-

The College owns 200,100 ordinary £1 shares representing 100% of the share capital of Colchester Institute Enterprises Limited, a company incorporated in England and Wales which is now dormant. The investment has been provided for with the net book value written down to zero as at 31 July 2025.

### 11 TRADE AND OTHER RECEIVABLES

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
<b>Amounts falling due within one year:</b>				
Trade receivables	90	90	198	198
Other debtors	13	13	13	13
Amounts owed by the DFE	832	832	744	744
Prepayments and accrued income	1,154	1,154	890	890
	<hr/> <b>2,089</b> <hr/>	<hr/> <b>2,089</b> <hr/>	<hr/> <b>1,845</b> <hr/>	<hr/> <b>1,845</b> <hr/>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Bank loan	541	541	518	518
Obligations under finance leases	270	270	306	306
Trade payables	1,327	1,327	1,508	1,508
Capital creditors	130	130	346	346
Other creditors	614	614	720	720
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxation and social security	871	871	612	612
Accruals and deferred income	1,321	1,321	1,600	1,600
Payment received in advance	401	401	598	598
Deferred income – government capital grants	1,140	1,140	1,114	1,114
Loan – Colchester Institute Foundation Trust	26	26	18	18
Amounts owed to the DFE	611	611	658	658
	<hr/> <b>7,252</b>	<hr/> <b>7,252</b>	<hr/> <b>7,998</b>	<hr/> <b>7,998</b>

Net obligations under finance leases are secured on the assets to which they relate.

### 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Bank loan	7,075	7,075	7,623	7,623
Obligations under finance leases	336	336	304	304
Deferred income – Government capital Grants	36,954	36,954	35,688	35,688
	<hr/> <b>44,365</b>	<hr/> <b>44,365</b>	<hr/> <b>43,615</b>	<hr/> <b>43,615</b>

Net obligations under finance leases are secured on the assets to which they relate.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 14 MATURITY OF DEBT

#### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
In one year or less	541	541	518	518
Between one and two years	570	570	541	541
Between two and five years	1,792	1,792	1,792	1,792
In five years or more	4,713	4,713	5,290	5,290
	<hr/> <b>7,616</b> <hr/>	<hr/> <b>7,616</b> <hr/>	<hr/> <b>8,141</b> <hr/>	<hr/> <b>8,141</b> <hr/>

At 31 July 2025 the total bank loan to be repaid was £7,616,000 (2024: £8,141,000). The loan is to be repaid by May 2036 with repayments having started in August 2013. Under the agreement currently in place, the loan interest is fixed at 6.59% for the remaining term of the loan, which is secured against the Sheepen Road Campus, Colchester.

#### (b) Finance leases

The net finance lease obligations committed are repayable as follows:

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
In one year or less	270	270	306	306
Between one and two years	239	239	215	215
Between two and five years	97	97	89	89
	<hr/> <b>606</b> <hr/>	<hr/> <b>606</b> <hr/>	<hr/> <b>610</b> <hr/>	<hr/> <b>610</b> <hr/>

Net finance lease obligations are secured on the assets to which they relate.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 15 OTHER PROVISIONS

#### GROUP AND COLLEGE

	Enhanced pensions £000	Dilapidations £000	Fixed Asset Loss £000	Total £000
At 1 August 2024	692	75	-	767
Utilised in the year	(56)	-		(56)
Additional provision in the year	21	15	36	72
<b>At 31 July 2025</b>	<b>657</b>	<b>90</b>	<b>36</b>	<b>783</b>

The enhanced pension provision relates to the cost of staff that have already left the College's employment. This provision has been recalculated in accordance with DFE requirements.

The principal assumptions for this calculation are price inflation of 2.7% and a discount rate of 5.5% per annum.

The dilapidations provision is in respect of potential costs that may need to be incurred by the Group and College at the end of its lease on certain properties as it is required to ensure that the properties are returned to the same condition when the leases were originally entered into. The provision is expected to be utilised over the next 24 months and has not been discounted as the effect is considered to be immaterial.

The dilapidations relate to Dovercourt Learning Shop £26,000 and Harwich £64,000.

Defined benefit pension obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 21.

### 16 CASH AND CASH EQUIVALENTS

	At 1 Aug 2024 £000	Cash flows £000	Other changes £000	At 31 July 2025 £000
Unrestricted cash	3,137	(367)	-	2,770
Restricted cash	-	2,613		2,613
	<b>3,137</b>	<b>2,246</b>	<b>-</b>	<b>5,383</b>

Restricted cash relates to DfE funding held by the College to support capital spending over the subsequent periods including T Level Specialist Equipment Allocation and the Further Education College Condition Allocation. These allocations are subject to defined spending conditions and are time limited.

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 17 CAPITAL COMMITMENTS

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
Commitments contracted for at 31 July 2025	<b>453</b>	<b>453</b>	<b>541</b>	<b>541</b>

### 18 CAPITAL RESERVE

	Group 2025 £000	College 2025 £000	Group 2024 £000	College 2024 £000
At 1 August 2024 and 31 July 2025	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

The capital reserve has been set up to provide funds for the future replacement of capital assets.

### 19 LEASE OBLIGATIONS

At 31 July 2025 the College had minimum lease payments under non-cancellable operating leases as follows:

	2025 £000	2024 £000
Land and buildings:		
Not later than one year	<b>56</b>	22
Later than one year and not later than five years	<b>225</b>	103
Later than five years	<b>339</b>	138
	<hr/>	<hr/>
	<b>620</b>	263
<hr/>	<hr/>	<hr/>
Other:		
Not later than one year	<b>59</b>	17
Later than one year and not later than five years	<b>59</b>	-
	<hr/>	<hr/>
	<b>118</b>	17
<hr/>	<hr/>	<hr/>
<b>Total lease payments due</b>	<b>738</b>	280
	<hr/>	<hr/>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 20 EVENTS AFTER THE REPORTING PERIOD

The College received a payment in November 2025 from HMRC in respect of its ongoing VAT appeal. The payment relates to ongoing litigation that is set to be reconsidered at the Court of Appeal at a later date, and as such there remains a level of uncertainty over timing of income recognition. This income is considered a non-adjusting event in the preparation of these financial statements and therefore is not recognised.

### 21 DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two principal post-employment benefit plans, the Teachers' Pension Scheme (TPS) for academic and related staff; and the 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 31 March 2019 and of the LGPS was 31 March 2019.

#### Total pension cost for the year

	2025 £000	2025 £000	2024 £000	2024 £000
TPS: Contributions payable		2,588		2,226
LGPS: Contributions payable	2,278		2,259	
FRS 102 charge	(418)		(573)	
Charge to the Statement of Comprehensive Income		1,860		1,686
Enhanced Pension charge to the Statement of Comprehensive Income		49		286
<b>Total pension cost for year</b>	<b>4,497</b>			<b>4,198</b>

Contributions amounting to £520,000 (2024: £482,000) were payable to the schemes at 31 July 2025 and are included within other creditors.

#### 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.

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**

**21 DEFINED BENEFIT OBLIGATIONS – (continued)**

**The Teachers' Pension Scheme continued**

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 in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at 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% during 2022/23). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022-23, 2023-24 and 2024-25 academic years.

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 £2,588,000 (2024: £2,197,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**21 DEFINED BENEFIT OBLIGATIONS – (continued)**

**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 £2,790,000 (2024: £2,613,000), of which employer's contributions totalled £2,194,000 (2024: £2,259,000). The agreed contribution rates for future years for employers was 13% up until March 2017, 15.6% from April 2017, 20.2% from April 2020 and 22.6% from April 2023 onwards. The range for employee contributions is from 5.5% to 12.5% depending on salary. The following information is based upon the latest actuarial valuation of the Fund as at 31 March 2019, updated to 31 July 2024, by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>At 31.7.25</b>	<b>At 31.7.24</b>	<b>At 31.7.23</b>
Rate of increase in salaries	3.80%	2.90%	2.85%
Rate of increase in pension payments	2.80%	2.90%	2.80%
Discount rate for scheme liabilities	5.75%	5.05%	5.15%
Inflation assumptions (CPI)	3.10%	3.20%	2.85%

Members will exchange half of their commutable pension for cash; members will retire at one retirement age for all tranches of benefit and 10% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

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

	<b>At 31.7.25</b>	<b>At 31.7.24</b>
Retiring today:		
Males	<b>21.8</b>	20.7
Females	<b>24.1</b>	23.3
Retiring in 20 years:		
Males	<b>23.4</b>	22.0
Females	<b>25.8</b>	24.7

	<b>At 31.7.25</b>	<b>At 31.7.24</b>
<b>Sensitivity analysis on Present Value of Total Obligation:</b>		
Discount rate +0.1%	<b>64,774</b>	67,579
Discount rate -0.1%	<b>66,852</b>	69,925
Long term salary increase +0.1%	<b>65,843</b>	68,784
Long term salary increase -0.1%	<b>65,758</b>	68,689
Pension increases and deferred revaluation +0.1%	<b>66,839</b>	69,901
Pension increases and deferred revaluation -0.1%	<b>64,787</b>	67,601
Mortality assumption – 1 year increase	<b>67,864</b>	71,098
Mortality assumption – 1 year decrease	<b>65,800</b>	66,463

NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025

21 DEFINED BENEFIT OBLIGATIONS – (continued)

**Local Government Pension Scheme – (continued)**

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

	Fair Value at 31.7.25 £000	Fair Value at 31.7.24 £000
Equities	56,143	51,405
Gilts	1,438	1,568
Other bonds	-	-
Property	7,769	6,371
Cash	1,686	2,528
Alternative assets	15,498	14,089
Other	17,894	16,811
 Total market value of assets	 100,428	 92,772
 Actual return on plan assets	 7,637	 9,543

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

	2025 £000	2024 £000
Fair value of plan assets	100,428	92,772
Present value of plan liabilities	(65,800)	(68,736)
 	 34,628	 24,036
Less restriction on surplus	(34,628)	(24,036)
 <b>Net pensions asset / (liability)</b>	 -	 -

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

<b>Amounts included in staff costs</b>	2025 £000	2024 £000
Current service cost	1,825	1,656
Past service cost	35	30
 <b>Total</b>	 1,860	 1,686
 Net interest (income) / cost	 (1,268)	 (1,206)

**COLCHESTER INSTITUTE**

**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2025**

**21 DEFINED BENEFIT OBLIGATIONS – (continued)**

**Local Government Pension Scheme – (continued)**

**Amounts recognised in Other Comprehensive Income**

	<b>2025</b> £000	<b>2024</b> £000
Return on pension plan assets	2,950	5,260
Experience losses on defined benefit obligation	(641)	(5,694)
Changes in assumptions underlying the present value of plan	9,361	(1,727)
Changes in demographic assumptions	(2,710)	1,000
Other Actuarial Losses	-	-
Less: Remeasurements of actuarial assumptions	<u>(9,378)</u>	<u>(618)</u>
<b>Amount recognised in Other Comprehensive Income</b>	<b>(418)</b>	<b>(1,779)</b>

**Movement in net defined benefit liability**

	<b>2025</b> £000	<b>2024</b> £000
Net defined benefit in scheme at 1 August 2024	-	-
Movement in year:		
Current service cost	(1,825)	(1,656)
Past service cost	(35)	(30)
Ongoing employer contributions	-	117
Employer deficit payments	2,278	2,142
Net interest on the defined liability	-	1,206
Actuarial gain / (loss)	8,960	(1,161)
Less impairment of surplus	<u>(9,378)</u>	<u>(618)</u>
<b>Net defined benefit liability at 31 July 2025</b>	<b>-</b>	<b>-</b>

**Deficit contributions**

The Essex Pension Fund agreed that the College could cease making monthly deficiency catch up payments from January 2025 due to the surplus position of the Fund.

**COLCHESTER INSTITUTE**
**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2025**
**Changes in the present value of defined benefit obligation**

	<b>2025</b> £000	<b>2024</b> £000
Defined benefit obligation at start of year	<b>68,736</b>	59,620
Current service cost	1,825	1,656
Interest cost	3,419	3,021
Contributions by scheme participants	598	558
Change in financial assumptions	(9,361)	1,727
Change in demographic assumptions	2,710	(1,000)
Estimated benefits paid	(2,803)	(2,570)
Past service cost	35	30
Experience gains and losses on defined benefit obligations	641	5,694
<b>Defined benefit obligation at end of year</b>	<b>65,800</b>	<b>68,736</b>

The estimated impact of the McCloud judgement was allowed for as a past service cost at £50,000 in 2019/20 and the allowance was rolled forward and remeasured to obtain the 31 July 2025 results. The Government issued a proposed remedy in a ministerial statement on 13 May 2021 but there is no material difference between the remedy and the previous estimated allowance, so no further adjustment has been made.

**Changes to fair value of plan assets**

	<b>2025</b> £000	<b>2024</b> £000
Fair value of assets at start of year	92,772	83,038
Interest on plan assets	4,687	4,283
Return on plan assets less interest	2,950	5,260
Employer contributions	2,278	2,259
Contributions by scheme participants	598	558
Administration expenses	(54)	(56)
Estimated benefits paid	(2,803)	(2,570)
Other actuarial gains/(losses)	-	-
<b>Fair value of plan assets at end of year</b>	<b>100,428</b>	<b>92,772</b>

# COLCHESTER INSTITUTE

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 JULY 2025

### 22 RELATED PARTY TRANSACTIONS

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

There were no expenses paid to or on behalf of the Governors during the year (2024: £Nil).

No Governor has received any remuneration or waived payments from the College or its subsidiary during the current or previous year.

Transactions with the DFE and OfS are detailed in note 2.

#### Subsidiary companies

Colchester Institute Enterprises Limited was made dormant as at 1 August 2021, and no transactions took place during the year.

### 23 AMOUNTS DISBURSED AS AGENT

#### Learner support funds

	2025 £000	2024 £000
<b>Access Funds</b>		
Funding body grants	880	890
Disbursed to and on behalf of students	(880)	(890)
<b>Balance as at 31 July 2025</b>	-	-
	<hr/>	<hr/>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.