



**EAST
SUSSEX
COLLEGE**



ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 July 2025

Contents

Reference and Administrative Details	3
Strategic Report.....	4
Statement of Corporate Governance and Internal Control	23
Statement of Regularity, Propriety and Compliance	36
Statement of Responsibilities of the Members of the Corporation	37
Independent Auditor's Report to the Corporation of East Sussex College	39
Independent Reporting Accountant's Assurance Report on Regularity	43
Consolidated Statement of Comprehensive Income and Expenditure.....	45
Consolidated and College Statement of Changes in Reserves	46
Balance Sheets.....	47
Consolidated Statement of Cash Flows	48
Notes to the Financial Statements	49

Reference and Administrative Details

Key management personnel are defined as the board of governors and members of the College Executive Team and were represented by the following for the year ended 31 July 2025:

Executive Team

Rebecca Conroy - Principal & CEO; Accounting Officer
Hannah Caldwell - Chief Operating Officer
Nick Backstrom - Executive Director Curriculum and Quality (from May 2024)

Board of Governors

A full list of Governors is given on pages 27-28 of these financial statements.

Director of Governance

Belle Howard, Director of Governance, has acted as Clerk to the Corporation from February 2022 to the date of the signing of these financial statements.

Principal and Registered Office

Cross Levels Way
Eastbourne
East Sussex, BN21 2UF

Professional advisers

Financial statements auditor and regularity reporting accountants:

MHA Audit Services LLP
6th Floor, 2 London Wall Place
London, EC2Y 5AU

Internal auditors:

RSM UK
6th floor
25 Farringdon Street
London, EC4A 4AB

Solicitors:

Forbes Solicitors LLP
PO Box 686
Blackburn, BB2 9QY

Bankers:

Barclays Bank plc
1 Churchill Place
London, E14 5HP

Strategic Report

Operating and Financial Review

Objectives and Strategy

The Governing Body presents their annual report together with the financial statements and auditor's report for East Sussex College Group for the year ended 31 July 2025.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Sussex Coast College Hastings. On 29 March 2018, the assets and liabilities of Sussex Downs College were transferred to Sussex Coast College Hastings on the merger of the two organisations. The name change to East Sussex College Group was approved by the Department of Education with effect from 16 April 2018.

The College is an exempt charity for the purpose of Part 3 of the Charities Act 2011.

Mission, Vision, Strategy and Objectives

The College's Strategic Plan covers the period 2025-28 and is rooted in ambitious transformation to deliver:

- Exceptional levels of student satisfaction
- Recognition for our staff progression routes
- Self-assessment as an exemplary college in all aspects
- Achieving a good financial health grade
- Transformation to our estate
- Embedded curriculum pathways with enhanced level 4 progression
- A demonstrable reduction in local skills gaps
- Reducing local NEET (Not in Education, Employment or Training) numbers
- Supporting our communities out of deprivation
- Improving life and work outcomes for people with SEND in our local communities
- The use of strong and impactful partnerships with employers and local stakeholders

The College's vision, mission and values are contained in the Strategic Plan 2025-28.

Vision: To Empower and Sustain our communities through exceptional education and skills development.

Mission: To provide an exceptional student experience through expert teaching, inspiring facilities, and our ambitious partnerships.

College values: PROUD

In consultation with staff and students we relaunched our college values in August 2024.

Positivity
Respect
Opportunity
Unity
Diversity

We are also clear on the local context to address the huge challenges to young people's education, to the availability of vital skills for business, to the re-training and 'first training' of adults, to community-based learning and to the foundations of our economy and public services. We have a huge responsibility to be versatile and responsive to the needs of local people, employers and to be a conduit to drive high quality skills development and retraining opportunities. We take this responsibility seriously.

Implementation of Strategic Plan

The current strategic plan covers the period 2025-28 focusing on three key concepts. Ambition, Partnership and Impact. The strategic ambitions of the College build on the principle that everything we do is in the service of our students, partners and wider community.

Delivering an exceptional student experience is central to this strategy and our five strategic ambitions. Each ambition will drive and shape our students' experience through our curriculum and the development of our staff, our estate and our position within the local community.

These ambitions will be delivered through operational masterplans. The Board monitors the performance of the College against this plan. The College's strategic priorities are:

1. **Curriculum & Skills** - We will enable all students to reach their full potential and thrive by designing and delivering inspiring and careers led learning pathways.
2. **People & Culture** - We will create an empowering culture that inspires purpose, belonging and progression through valuing and investing in our people.
3. **Reputation & Partnership** - We will build our reputation for innovation, excellence and dynamic partnership by positioning ourselves as the East Sussex productivity 'engine'.
4. **Estates & Digital Transformation** - We will fuel the aspirations of our students, colleagues and community partners by providing adaptable physical and digital learning spaces.
5. **Resources & Investment** - We will ensure East Sussex College's long-term sustainability and protect investment in our students, people and infrastructure by strengthening our financial foundations.

Underpinning the College's strategic plan are its PROUD values. Positivity, Respect, Opportunity, Unity and Diversity. We are PROUD.

A suite of strategies and operational plans underpin the college's Strategic Plan including a People Strategy, Estates Strategy and Curriculum Plan to drive the changes and improvements built on best practice from the sector and beyond.

Resources

The College employs 1,405 people, of whom 664 are teaching staff.

The College enrolled approximately 14,300 students. The College's student population includes 5,469 funded 16-18 year old students, 1,742 apprentices in learning through the year, 927 higher education students, 393 international students and 4,450 funded adult learners.

The College has £31.1m (2024: £30.7m) of net assets and long term debt of £3.25m (2024: £4.5m).

Tangible resources include the following campuses and leased buildings:

Eastbourne, Lewes, Hastings and Ore Valley Campus

Five leased buildings. Two in Hastings, one in Eastbourne, one in Lewes and one in Newhaven.

The College has a good reputation locally and nationally. In its last Ofsted inspection in 2025 it was rated Good with a Strong scoring on skills.

Stakeholders

East Sussex College Group maintains strong, collaborative relationships with a wide range of stakeholders, recognising their importance to the college's mission and the success of its communities. These key stakeholders include:

- Students
- Staff
- Local employers
- Funding agencies
- Local Authorities (including East Sussex County Council, Lewes District Council, Eastbourne Borough Council, Hastings Borough Council, Wealden District Council, Rother District Council, and Brighton & Hove City Council)
- Government Offices/Local Enterprise Partnerships (Coast to Capital LEP, Southeast LEP, Newhaven Enterprise Zone)
- The local community
- Other FE institutions (including FE Sussex consortium members)
- Trade unions
- Professional bodies
- Jobcentre Plus and DWP
- NHS Sussex
- Sussex Police
- Sussex Chamber of Commerce (LSIP and LSIF)
- Universities (University of East Anglia, University of Sussex, University of Brighton)

The college's strategic planning incorporates rigorous self-assessment and direct input from these diverse stakeholders to ensure its curriculum aligns with evolving workforce demands. Engagement channels include the Employer Exchange initiative, which directly shapes the curriculum, as well as active collaboration in decision-making bodies at local, regional, and national levels. The college also engages with schools through mentoring, careers support, and taster sessions to ensure curriculum alignment and smooth student transitions.

Public Benefit

East Sussex College Group is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 27 to 28. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching, learning and assessment
- Widening participation and promoting social inclusion
- Personalised student support
- Responsive and agile curriculum responding to local need, gaps and priorities
- Impactful partnerships with employers, civic leaders, local authorities and public sector organisations.

East Sussex College provides identifiable public benefits through the advancement of education to approximately 5,469 16-18 students, including 201 students with high needs. The college provides fully funded courses to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its curricular to meet the needs of local employers and provided training to 1,742 apprentices through the year. Providing impartial information, advice and guidance and finding suitable courses for as many students as possible regardless of their educational background is central to this mission.

Development and Performance

Income Growth:

As shown on page 45, the College earned over £59 million of income during the year, which is a £5m increase on the previous year and due to increased student numbers and rates. The college continued to grow its 16-19 student numbers attracting reduced in year growth income alongside meeting a majority of its adult skills fund allocation. The main increase in funding came via the College's 16-19 allocation from the DfE including the additional grants noted above. Apprenticeship, Advanced Learning Loan and HE income combined was in line with the previous year. The College monitors all its funding and other income monthly and is continuing its focus on gaining high quality growth wherever possible.

Financial Results:

The College recognised a surplus for the year of £2.4m in line with the college setting a surplus budget for the year. The College incurred increased pay costs for the year which included a pay award and increased national insurance costs, partially funded via additional income from the DfE. Non pay costs are in line with the previous year which includes a reduction in energy costs for the year. Pay costs exceeded the budget by £0.7m including increased National Insurance contributions and a 3% pay award from April – July not included within the original budget and predominantly funded through additional DfE grant funding again not in the original budget. Overall pay costs increases where mainly in teaching and teaching support areas in line with the increased student numbers and increased support requirements. Non pay costs were under budget by £0.15m. This was aided by more stable energy costs and a reduction on estates costs including planned and reactive maintenance. The college also incurred £0.4m depreciation above budget offset through capital grant release being £0.3m above budget. and £0.8m of pension adjustment.

Teacher Qualifications:

The College requires all teaching staff, whether established or sessional, to be appropriately qualified.

Employer Engagement:

The College focuses on employer engagement and tailors educational provision to meet employer needs. One of the main funding streams is in relation to Apprenticeships. The College views this area as vital for the UK economy and skills for the future. It therefore continues to focus on achieving growth in this area, with targeted growth in the internal delivery of apprenticeships.

The College works with over 1,000 local employers across East Sussex in providing Apprenticeships and customised bespoke training. Links with local businesses are strong - for example the College continues to play an active role on the County Council's 'Skills East Sussex Sector Boards' in partnership with key employer groups and in all priority sectors (Engineering, Construction, Digital & Creative, Health & Social Care and Visitor Economy), working with key businesses to respond to the regional skills gaps. In addition, as of 2025, the College also chairs the Employer Exchange Strategic Boards which provides college led oversight to ensure that college curriculum planning is externally approved by key stakeholders and employer representatives, ensuring that curriculum intent reflects the needs of our local communities.

Commercial activities continue to form a small but important part of the overall plan. The College continues to operate outlets such as coffee shops and an event business, raising revenue and giving work opportunities to students during the financial year. In October 2021 the Board resolved to approve ceasing the activity of the subsidiary company, Plaza Trading Hastings Ltd and hold the company as a dormant company in the ESC group, this company remains dormant.

The College worked with a number of partners to deliver funded provision during 2024-25, with the focus on retaining those high-quality partners who have demonstrated the best academic and financial performance. The highest standards of due diligence and controls over delivery continue to be applied.

Key Performance Indicators (KPIs)

The Corporation receives regular reports tracking the key performance indicators for the College agreed as part of the Business Review process. The final KPIs for 2024/25 are shown in the table below with appropriate RAG ratings. These KPIs are monitored throughout the year and inform action planning for the following year:

Critical KPIs	Target	July	RAG
	2025	2025	
Number of funded 16-19 students	5,142	5,469	G
Total income	£55,516k	£56,747k	G
Staff costs	£35,398k	£36,055k	G
Non-pay costs	£18,410k	£18,247k	G
EBITDA	£1,707k	£2,445k	G
Cash	£510k	£3,181k	G
Other PIs			
Classroom Achievement	86%	82.6%	A
Apprenticeship Achievement	63%	57%	A
16-19 Achievement Rates	85%	79.2%	A
19+ Achievement Rates	91%	87.6%	A
Positive Destinations	95%	94%	A
Staff costs/Income	67%	68%	G
Adjusted Current ratio	0.8	0.8	G
Creditor days	45	37	G
Financial health	RI	RI	G

Income, Costs and therefore EBITDA reported in the KPI table above differ from the Surplus before other gains/(losses) reported in the Statement of Comprehensive Income & Expenditure by £1,361k due to the following:

Income is £2,562k lower as Deferred Capital Grants (£2,404k) and a transfer from reserves (£157k) are excluded.

Depreciation costs of £4,110k are also excluded as is interest on loans of £267k and net interest on defined pension liability of -£455k.

Trade Union Facility Time

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

Numbers of employees who were relevant union officials in the period	FTE employee number
9	8.6

Percentage of time	Number of employees
0%	0
1-50%	9
51-99%	0
100%	0

Total cost of facility time	£68.5k
Total pay bill	£34,165k
Percentage of total bill spent on facility time	0.20%
Time spent on paid trade union activities as a percentage of total paid facility time	0%

Financial Position

The Group generated an operating surplus before other gains/(losses) in the year of £1,084k (2023/24 deficit £1,902k). The recognised surplus as a KPI in the table above is £2,445k which notes the variances to provide a reconciled position.

Included in the final result is a net interest amount of £504k in respect of accounting for defined benefit pensions (2023/24 net interest of £883k) - see note 23.

On 31 July 2025 the College's general reserve, including pension reserve, stood at a surplus of £23,962k (2023/24 surplus £23,345k). The bank and cash balances totalled £3,181k (2023/24 £2,630k).

Tangible fixed asset additions during the year amounted to £3,036k (2023/24 £2,687k) including ongoing investment in energy efficiency, classroom technology and College estate improvements.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The College has a Cash and Treasury Management Policy in place.

Creditor payment policy

It is the College's policy to pay its suppliers to the agreed payment terms which are normally 30 days from the date of invoice provided that the College is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions of a proper authorised purchase order. The College does not follow any code or standard on payment practice but does strive to adhere to the Government guidelines whenever possible.

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments within 30 days. During the accounting period 1 August 2024 to 31 July 2025, the College paid 96 per cent of its invoices within 30 days. The College incurred a small amount of interest charges totalling £1.5k in respect of late payment on its cleaning contract for this period.

Cash flows

Net cash flow from operating activities was £3,910k for 2024/25 an increase compared to a net cash flow of £1,141k for 2023/24. The main variance from the previous year was £3,023k improvement on the previous years deficit position with the College reporting a surplus for 2024/25.

Liquidity

The College continues to have a net current liability position as at the end of 2024/25. This has however improved on the previous year with an improved cash position alongside not reclassifying loans into creditors due within one year as the College has not breached its loan covenants this year

Loans of £3,246k are outstanding at the year end. Of this total, £1,375k relates to commercial debt with Barclays Bank. £1,811k relates to loans from the Department for Education (DfE) arising from the 2018 merger and £60k relates to a loan from the University of Brighton.

The College has been compliant with both its Barclays and DfE loan covenants.

Current and Future Development and Performance

Future Developments

The college is committed to continuing to invest in its equipment and facilities to ensure the campus buildings offer high quality, adaptable physical and digital teaching and learning spaces. This directly impacts on the student experience and outcomes for students in our communities.

The college works with over 1,000 employers and actively participates in numerous countywide sector-based employer groups, including Skills East Sussex and our Chambers of Commerce. This engagement shapes our education and skills programme, ensuring we align with economic demands in providing an appropriately skilled workforce, upskill working people, and support the re-skilling of unemployed adults.

We are a key partner in implementing the East Sussex Economic Recovery Plan, playing a critical role in place led regeneration activities such as Town Deals in Hastings and Newhaven, Levelling Up Fund opportunities (particularly Black Robin Farm in Eastbourne), and the Enterprise Zone in Newhaven.

The College COO is a member of the Hastings Town Deal Board and the College is a recipient of the Town Deal programme. The Town Deal Board is the vehicle through which the Hastings Town Investment Plan has been developed and it oversees the development and delivery of individual capital projects. The college project will deliver a motor vehicle workshop on the Ore Valley campus equipped with industry-standard equipment and enabling the college to deliver future-proofed skills aligned with evolving industry demands. Project completion is expected in autumn 2026.

The College is also a member of the Newhaven Enterprise Zone, which oversees £4m in funding for local development projects. As the skills and education partner, the college supports multiple initiatives to improve education in Newhaven, including launching a full adult and higher education provision at the Newhaven Marine workshops.

Our extensive partnerships underpin our success. We have strong relationships with diverse public, private, and local government collaborators. Our participation in influential groups like Team East Sussex and Skills East Sussex aligns our efforts with broader regional economic development and skills priorities. This includes close work with a number of key partners like East Sussex County Council (ESCC), District Councils, the Department for Work and Pensions (DWP), and local Chambers of Commerce to drive support and positive change in our communities.

We will all increase and sustain student recruitment through both the broader range of courses on offer and the higher standard of delivery. Sustained student recruitment will help maintain increased funding and improve the overall financial stability for the College. This alongside the actions to continue to ensure value for money in its expenditure will ensure the College continues to report a surplus financial position.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve including pension reserve stands at a surplus of £23,926k (2023/24 surplus £23,346k) and the revaluation reserve stands at surplus £7,186k (2023/24 surplus £7,343k). It remains the Board's intention to increase reserves through the generation of annual operating surpluses and in line with the College's Cash & Treasury Management Policy.

Curriculum developments

East Sussex College is a major provider of post-16 further education, higher education, and apprenticeship training across East Sussex, dedicated to serving its communities in Eastbourne, Lewes, Hastings, and Newhaven. The college has five main campuses in Lewes, Newhaven, Eastbourne, and Hastings. It works closely with local authorities, including East Sussex County Council, and actively participates in numerous countywide sector-based employer groups, such as Skills East Sussex and local Chambers of Commerce.

In the 2024/25 academic year, the college supported 5,469 students aged 16-18, with 17% studying up to Level 1, 33% at Level 2, 49% at Level 3, and approximately 1% at Level 4. T Level numbers increased significantly from 380 in 2023/24 to 454 in 2024/25. There were 1,285 apprentices and over 6,000 adult students engaged in various training programmes, predominantly part-time, including Community Learning, Loans Funded, and Full Cost. The college also offers a range of HE programmes in partnership with the University of East Anglia and the University of Brighton, alongside Access to HE programmes, supporting over 900 higher education students. Additionally, the college provides 14-16 provision on behalf of the local authority. The college collaborates with over 1,000 employers, ensuring its education and skills programmes provide a skilled workforce, upskill existing workers, and support unemployed adults in re-skilling.

The East Sussex College Group is dedicated to helping its students achieve the best possible outcomes, fostering academic and technical excellence. Leaders and managers ensure that teachers are professionally qualified and experienced, and they support them in keeping their sector knowledge and skills up to date through initiatives such as industry days. Staff new to teaching are effectively supported in gaining the necessary qualifications and developing their skills. Teachers use effective strategies to help students develop new knowledge and skills, breaking down complex topics into manageable parts.

The college's curriculum is designed to meet the unique needs of East Sussex and neighbouring counties while preparing students for a globalised economy. It offers a wide range of vocational, technical, and academic pathways, from entry-level qualifications to advanced diplomas and higher-level apprenticeships. Embedded within every college programme are core entitlements: Careers Education, Digital Licence, Entrepreneurial Acumen, Literacy, Numeracy, Fluency, Green Skills Integration, and Diversity, Equity, and Inclusion.

In the 2024-2025 academic year, significant progress was made towards addressing skills priorities and fostering a thriving workforce. This included:

- Immersive Technology: Development of three immersive classrooms, a cross-campus teaching facility, and a suite of VR employability tools and soft skills programmes integrated into the curriculum.
- AI: Development and delivery of two modules on AI for business governance to both businesses and teaching staff.
- T Levels: Notable growth in employer engagement and a 20% increase in student numbers, with new industry partners contributing to meaningful employer exchanges that inform curriculum development.
- Adult Skills and Employability: A 65% job success rate for students and partnerships secured with 20 local construction employers.
- Green Skills: Further development of the delivery team for green and retrofit skills, resulting in over 100 students completing programmes.
- Tutorials: A new tutorial programme differentiated for levels and courses, designed to embed key cross-cutting skills for student progression.

Apprenticeships: An increase in overall achievement rates and the development of new Gas Network operative programmes for a national employer. While progress has been made, the college acknowledges that too many apprentices on the gas network apprenticeship complete later than planned due to external assessment delays, and work is ongoing to ensure apprentices complete within expected timeframes.

ESOL: Phonics delivery for the first time in 2024/25, embedding it within Pre-entry and Entry 1 classes, and the establishment of an ESOL Employability course for July 2025.

Students on GCSE resits for mathematics and English perform broadly in line with the low national rate, with achievement rates for GCSE English improving.

The college was at the forefront of new curriculum development as a 2020 T Level provider. A broad programme of personal development activities has been designed and implemented to enrich the student experience and develop their personal, social, and employability skills. Students participate in a comprehensive range of activities, gaining valuable experiences that enhance their confidence and self-assurance. Students benefit from well-planned career advice and guidance, including guest speakers, one-to-one discussions, and external visits, which enable them to evaluate future options.

Governors and senior leaders have a clear and ambitious vision for providing high-quality inclusive education, placing students' needs and experience at the centre. The leadership team understands their critical role in shaping the college culture, with their vision, purpose, values (Positivity, Respect, Opportunity, Unity, and Diversity), and strategic priorities providing direction. The college quality assures its provision in accordance with external regulators, including Ofsted and the Office for Students (OfS). Student and employer voices are key components of quality assurance, informing college development.

Ofsted Inspection

East Sussex College Group underwent its latest full Ofsted inspection from January 28 to 31, 2025. The college maintained its "Good" rating in overall effectiveness and across all areas of its provision. This follows a "Good" rating at the previous inspection, which took place from November 23 to 26, 2021.

The inspection found the college to be "Good" in the following areas:

- Overall effectiveness
- The quality of education
- Behaviour and attitudes
- Personal development
- Leadership and management
- Education programmes for young people
- Adult learning programmes
- Apprenticeships
- Provision for learners with high needs

Inspectors reported that: "Students, apprentices and adult learners learn in an extremely supportive and aspirational college environment that inspires their future achievements. They have very positive attitudes to their learning and value the support they receive from highly professional staff, which motivates them to complete their studies and flourish." The report also highlighted that "Students and apprentices speak highly of their teachers and college leaders and confidently describe that they feel the college is a safe, welcoming and nurturing place to learn."

This continued "Good" outcome reinforces the college's commitment to providing a high-quality student experience and supports its ongoing efforts in reputation building.

Estates Transformation

The College continues to focus on enacting the Estate Masterplan that will ultimately redevelop the Lewes and Eastbourne campuses to ensure delivery of an exemplar curriculum that meets the needs and expectations of students now and in the future within a built environment that students aspire to attend and enables them to be successful. The Estate Transformation Programme was rephased in 2024/25 to include the immediate disposal of discrete parcels of land at the Lewes and Eastbourne campuses to generate capital receipts that could finance the remainder of the planned transformation. The Estate Transformation Programme will be influenced by students and staff on relevant sites, learning from research and best practice from across the sector. The College is working with all its stakeholders and potential partners to deliver the Estate Masterplan and transformation programme.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible fixed asset additions during the year amounted to £3,036k (2023/24 £2,687k).

Financial

The College has £31.148 million of net assets (2023/24: £30.688 million net assets).

People

The College employs 715 people (expressed as full-time equivalents), of whom 323 are teaching staff (2023/24: 647 people of whom 314 were teaching staff). The headcount for 2024/25 is a total of 1,405 of which 664 are teaching staff.

Going Concern

The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. As noted in the financial review, the College is reporting a surplus of £1,085k for the financial year (2024: £1,092k deficit), an improvement of £2,177k on the previous year. This surplus has resulted from increased 16-19 funding alongside increased student numbers. Whilst staffing costs have increased predominantly in curriculum and curriculum support areas the College has been able to maintain its non pay costs despite inflation and increased employer national insurance contributions, this includes the stabilisation of energy usage and expenditure.

As a result of this performance the College was able to maintain its reserves position whilst meeting the requirement to meet ongoing debt repayments. Alongside this the College continues to utilise funding received to invest in its estate and has received further capital funding from the DfE as part of its Further Education College Condition Allocation. Therefore, taking all of this into account the cash balances have increased from £2.6m as at 31 July 2024 to £3.2m as at 31 July 2025. In the past, the College has been able to leverage its investment in its estate by using debt finance, however the decision of the Office for National Statistics (ONS) to reclassify Further Education Colleges as public sector has over the last three years had a material impact on the Group's liquidity and ability to borrow. Reclassification also continues to impact the College's operating business processes and practice, however the restrictions on borrowing are having the greatest financial impact.

The previous two financial years has seen the College breach its covenants with two of its lenders which required the College to secure waivers to the breaches and reclassify debts as creditors falling due within one year. The improvement to the College financial performance alongside the continuation of debt repayments for 2024/25 means that the College met its covenants for the two lenders. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

There remains ongoing challenges including the College continuing to have net current liabilities which means cashflow still has significant focus. The College, however continues to plot a sufficient cashflow for the foreseeable future that has due regard to a minimum cash level and will maintain adequate resources, including the repayment of debt to both its lenders under the existing terms. Throughout 2025/26 there are actions and anticipated results that alongside the cashflow offer a level of assurance for the College. This includes confirmed increased allocated funding, on-going opportunities for in-year growth funding, a stable student cohort (with particular reference to 16-19

numbers), increasing apprenticeship and HE income, and a more robust and efficient establishment to deliver the expected provision for the College. 2025/26 enrolments have again increased, albeit at a reduced rate particularly the 16-19 cohort, and a number of actions remain in place regarding associated costs, including an extended utilities contract that minimises future risk of price volatility.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

Reputation

The College has worked hard to secure a strong reputation locally, regionally and nationally. In its last Ofsted inspection in 2025, it was rated Good in overall effectiveness and across all areas of its provision. The college also secured the highest grade of strong for our contribution to meeting our skills duty.

Ensuring that our reputation and brand is trusted for delivering quality is essential for the College's success. This impacts on attracting and retaining students, ensuring that we are the first choice for our local community including local stakeholders and employers.

Principal Risks and Uncertainties

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

A risk register is maintained at the College level which is reviewed termly by the Audit Risk and Compliance committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College, the controls in place and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College. The key risks are:

1. **Resource Management**
East Sussex College fails to adequately manage pay and non-pay resources in line with the business plan.
Controls and actions in place include budget management controls with Finance Business Partners providing support and challenge, a defined establishment list and robust recruitment process, monthly management accounts with forecasting and variance analysis.
2. **Staff Recruitment and Retention**
East Sussex College fails to recruit and retain outstanding staff.
Controls and actions in place include a People and Culture Strategy with regular reporting on progress, Pay Policy and broader scope on recruitment reporting for greater insight and to aid decision making.
3. **Cash Flow**
East Sussex College fails to ensure that it has sufficient cash to enable it to remain viable.
Controls and actions in place include an annual budget and Five-Year Financial Plan, Cash and Treasury Management Policy and reporting via management accounts.
4. **Safeguarding and Prevent Systems and Processes**
East Sussex College's Safeguarding and Prevent processes fails to keep students and staff safe.
Controls and actions in place include safeguarding policies and procedures, a training plan for staff, students and governors, DSL trained Safeguarding Managers in place on every main campus and a link governor in place.
5. **Cyber Attack**
East Sussex College fails to protect against a cyber-attack.
Controls and actions in place include essential training for staff and MFA on all network accounts, Cyber Essentials certification and a robust testing programme.

6. **Health and Safety**
East Sussex College fails to ensure that safe working practices keep staff and students safe from harm.

Controls and actions in place include essential training covering Fire Awareness, Health and Safety at Work and Manual Handling, Health and Safety Policy and a comprehensive internal audit programme focusing on areas of high risk.
7. **Estates Strategy**
East Sussex College fails to deliver a new Estates Strategy.
Controls and actions in place include an Estates Masterplan and Estates Schedule for related third-party estates arrangements, PPM and SLA Schedules and ongoing monitoring of capital projects and programmes by Capital Development Board.
8. **Digital Capacity**
East Sussex College fails to ensure that there is an adequate IT infrastructure to facilitate all aspects of the College including teaching and learning, business systems and staff needs.
Controls and actions in place include inclusion of digital infrastructure and innovation within Curriculum and Estates Masterplans and dedicated digital resource within teaching and learning.
9. **Quality**
East Sussex College fails to provide a consistently good experience, and students do not achieve their potential.
Controls and actions in place include self-assessment and external validation process, KPIs aligned to the delivery of strong and better quality of provision and support and training for managers, new teachers and teacher development.
10. **Student Recruitment**
East Sussex College's curriculum offer, and recruitment actions fails to attract sufficient students and meet need.
Controls and actions in place include Curriculum Masterplan and Student Experience Master Plan, a school liaison and engagement and development of pathways from foundation to HE and a full range of student support services.
11. **External Environment**
East Sussex College fails to respond with agility to a changing environment.
Controls and actions in place include extensive and regular engagement with key strategic partners, including County Council, Borough and District Councils and employers and local collaboration through FE Sussex.

The College has controls and mitigating actions in place against each of these risks that reduce the Gross Risk score. Additional management actions have also been identified, and the assurance level is captured for each risk on a quarterly basis.

Diversity, Equity, Inclusion and Belonging

The College is committed to promoting equality of opportunity for all learners, employees, and stakeholders. The College's PROUD values underpin its approach to diversity, equity, inclusion and belonging, and it opposes all forms of unlawful discrimination or harassment on the grounds of age, sex, marriage and civil partnership, gender reassignment, race, disability, sexual orientation, religion or belief, pregnancy and maternity, and part-time or fixed-term employment.

The College seeks to ensure that all students and staff are treated fairly and with respect, and that its policies and practices promote equality and inclusion in all areas of activity, including recruitment, admission, selection, training, development, progression and discipline.

As an employer, the College is committed to maintaining a working environment in which equality, diversity and inclusion are embedded across all functions and services. The College recognises that it may be held vicariously liable for acts of discrimination carried out by its employees and does not tolerate any form of discriminatory behaviour, harassment or victimisation.

The College operates a Single Equality Scheme and complies with the Public Sector Equality Duty, introduced under the Equality Act 2010 and effective from April 2011, which requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different groups.

Gender pay gap reporting

As a specified public authority with over 250 employees, East Sussex College is required to report Gender Pay Gap under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The six calculations show the difference between the average earnings of men and women employed at the college.

Year Ending 31 March 2025	2024/25
Mean gender pay gap	9.1%
Median gender pay gap	16.9%
Mean bonus gender pay gap	-25.2%
Median gender bonus gap	0.0%
Proportion of males/females receiving a bonus	1.26%/0.13%

Year Ending 31 March 2025	Males	Females
1- Lower Quartile	27.3%	72.7%
2 - Lower Middle Quartile	26.7%	73.3%
3 - Upper Middle Quartile	40.4%	59.6%
4 - Upper Quartile	41.2%	58.8%

The College publishes its annual gender pay report on its website.

Disability statement

The College is committed to promoting equality and inclusion for all students and staff, in line with the Equality Act 2010 and the Public Sector Equality Duty. We aim to ensure that disabled individuals are supported, respected, and not disadvantaged.

We follow the SEND Code of Practice: 0 to 25 years, issued under the Children and Families Act 2014, to guide our approach to supporting learners with special educational needs and disabilities.

Reasonable adjustments are made to meet individual needs, and accessibility is embedded across our campuses, services, and learning environments. Specialist equipment, assistive technologies, and trained support staff are available to ensure inclusive learning and wellbeing.

The College values the contribution of every individual and actively challenges discrimination, actively promoting a culture of fairness and respect.

Staff and student involvement

Students are inducted into the college which includes a senior leadership welcome. Each group votes for a course representative to join the Student Council and ensure that their feedback is gathered and actioned. Students attend course boards, course and college wide focus groups to provide feedback on curriculum to the College. Formal systems including surveys are in place to collect student views and deliver them to the Board and executive management of the College. Staff and students are represented on the Board.

Staff receive a weekly live briefing and a carefully planned calendar of regular staff development which include Exec led 'roadshows' to ensure effective communication with staff on college strategy and direction. Staff led 'Think Tanks' operate effectively on our four campuses to ensure that staff feedback and proposals are received and actioned. Staff complete regular surveys to give their feedback on their experience as part of the College, and the feedback and actions are shared as a result.

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 they ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the corporation on 11th December 2025 and signed on its behalf by:



Ian Mehrtens
Chair of Governors

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- I. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- II. In full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code")
- III. Having due regard to the UK Corporate Governance Code insofar as it is applicable to the Further Education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance, and in particular the board has complied with The Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Further Education Sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31st July 2025. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities it takes full account of the Code issued by the Association of Colleges in September 2024, against which a compliance mapping exercise was undertaken in May 2025. Furthermore, the Board has due regard of the Senior Post Holder Remuneration Code, and an annual compliance mapping exercise was undertaken in October 2024.

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

Corporation Performance

An External Review of Governance was last completed in July 2023. This was jointly led by Marilyn Hawkins (ETF) and Paul Mundens (IoD) as expert and independent reviewers, who were external to the organisation, as per DfE requirements. The scope of the review included:

- Individual interviews with members of the Board, including the Chair, the CEO & Principal, Vice Chairs, Committee Chairs, Executive Team members and the Director of Governance.
- A desk-based review of selected Board documents, including meeting minutes.
- A review of the responses to the Board Review Survey that was completed by Board Members.
- Observations of a full Corporation meeting and various committee meetings held during the Summer Term 2023.
- Stakeholder interviews with Local Authority representatives and a student representative.

A comprehensive report was produced as output of this review. Overall, the report found that the College was demonstrating maturity in its governance effectiveness, following an extensive review of its membership, structures, processes, and ambitions. The priority recommendations arising from

the review, focussed on governor training, the need to further leverage staff and student voice in decision making, and enhancements to governor recruitment and succession planning. Key recommendations were incorporated into the Governance Improvement Plan for 2023-24 and all associated actions have since been fully closed. The next External Review of Governance has been scheduled to take place during the Spring Term of 2026.

An Annual Board Review was completed in May 2025, led by the Director of Governance. The scope of the review included:

- **Board & Committee Effectiveness Surveys** – member responses on a range of areas including strategy, compliance, oversight, people and structures.
- **Skills Audit** – an assessment of Independent Member skills, expertise and experience.
- **Chair 360° Annual Review** – Board Member survey led review of the Chair.
- **Annual Member conversations** with the Chair of the Board.
- **A desk-based review**, which included an assessment of membership, attendance, live meeting feedback, coverage of the annual cycle of business and Board Member engagement in training.

A detailed report was produced as output of this review, and its recommendations are currently under consideration by the Governance, Performance & Reputation Committee, as well as the Board. Overall, the report found that the College continued to demonstrate maturity in its governance effectiveness. Key recommendations focussed on the following areas:

- **Staff & Student Engagement** – monitoring the impact of existing mechanisms for gathering and integrating Staff and Student Governor feedback into Board and Committee discussions. Similarly, enhancing the support and training provision for Student Governors.
- **Meeting Efficiency** – extending the use of AI technology to further simplify meeting papers and exploring alternative formats to improve clarity and focus. Additionally, adjusting meeting schedules and locations to better accommodate Governor availability and travel needs.
- **Financial Oversight** – increasing access to targeted training for Governors to enhance levels of understanding of college finances. Also, further strengthening the monitoring and reporting on the College's cashflow position to the Board.
- **Recruitment, Succession Planning & Governor Training** – prioritising diversity of thought in Board recruitment, enabling a balanced representation of skills and backgrounds in the Board's membership. Ensuring robust succession planning for the Chair. Redesigning the Governor Learning & Development programme to ensure it is broad and balanced, meeting priority Governor skills needs and driving increased levels of engagement.

These recommendations will subsequently be incorporated into the Governance Improvement Plan for 2025-26.

Governor & Director of Governance Training & Development

All Governors completed their mandatory training for 2024-25. This included Safeguarding & Prevent, Cyber Security, Health & Safety and General Data Protection Regulation training.

Depending upon area of interest and skills need, a selection of Governors attended the following training courses and networking events across the year:

Course Name	Provider	Date	Number of Governors
Chairs & Vice Chairs Network Meetings	AoC	21 st October 2024 16 th December 2024 20 th January 2025 17 th February 2025	2
Monthly Chairs Meetings & South East Network Meetings	AoC	20 th January 2025 5 th February 2025 17 th March 2025	2
Induction Training	AoC	15 th November 2024	1
Cultural Competence: Leadership & Governance	ETF	28 th March 2025	1
New Governor Induction	Director of Governance	5 th December 2024 24 th March 2025	2 1
Essential Training Programme: <ul style="list-style-type: none"> • Cyber Security • GDPR • Health & Safety • Safeguarding & Prevent 	In House	18 th October 2024	Full Board
Safeguarding for Governors & Trustees – <i>(additional and optional) online learning module</i>	ETF	Self-Led	12
Pre-Board Briefing Discussions: <ul style="list-style-type: none"> • AI & Immersive Technology • Devolution of Local Government 	In House	12 th December 2024 31 st March 2025	Full Board
Ofsted Preparation Sessions	In House	16 th September 2024 24 th September 2024 24 th January 2025	6
Governor Learning Walks	In House	1 st October 2024 14 th October 2024 5 th March 2025	7
Audit Committee Masterclass	AoC	12 th May 2025	1

Governor learning was also supplemented through access to Governor Development modules from the Education Training Foundation, as required.

The Director of Governance completed the following training courses during the 2024/25 academic year:

COURSE NAME	PROVIDER	DATE
Audit Committee Masterclass	AoC	12 th May 2025
Capital Projects & Governance Governor Development Programme: <ul style="list-style-type: none"> Module 1 – Introducing Capital Projects Module 2 – Governance of Capital Projects Module 3 – Business Characteristics of Capital Projects Module 4 – Design & Constructions Module 5 – Project Completion & Beyond 	ETF	16 th January 2025 16 th January 2025 18 th August 2025 18 th August 2025 18 th August 2025
Governance Professionals Conference (2025) Co-presented the Governance SAR breakout session.	AoC	21 st – 22 nd January 2025
Governance Professionals – Continuing Development: <ul style="list-style-type: none"> Strategic Thinking & Stakeholder Engagement Developing Skills in Risk Management Report Writing & Presentation Skills 	ETF	15 th January 2025 6 th February 2025 4 th March 2025
Essential Recruitment & Selection Training for Managers	AoC	13 th May 2025
National Governance Professional's Group Network: <ul style="list-style-type: none"> Away Day Meeting Meeting Meeting Meeting 	AoC	7 th October 2024 21 st November 2024 30 th January 2025 27 th March 2025 18 th June 2025
South East Clerk's and Governance Professionals Network: <ul style="list-style-type: none"> Meeting Meeting Meeting 	AoC	16 th October 2024 25 th February 2025 8 th May 2025
Staff Development Days	In House	3rd September 2024 4th April 2025
Audit Committee Masterclass	AoC	12 th May 2025

The Board of Governors

The Governors who served the Board during the year and up to the date of signature of this report are listed below:

Name	Date of Appointment	Term of Office	Date of Resignation /End of office	Status of Appointment	Committees Served	Individual Attendance
Rebecca Conroy	14.02.2020	N/A		CEO & Principal (<i>Ex officio</i>)	<ul style="list-style-type: none"> Full Board Capital Development Board Curriculum, Skills & Quality Governance, Performance & Reputation (<i>attendee</i>) Resources, Culture & Impact 	100% 100% 100% 100% 100%
Lionel Bunting	26.04.2024	1 st	24.04.2025	Independent Governor	<ul style="list-style-type: none"> Full Board Resources, Culture & Impact 	25% 100%
Kim Byford	26.04.2024	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	83% 33%
Graham Cook	01.06.2020 (Vice Chair – 05.07.2022)	2 nd		Independent Governor (Vice Chair – Resources & Operations)	<ul style="list-style-type: none"> Full Board Capital Development Board Resources, Culture & Impact 	100% 100% 100%
Becky Cooke	14.09.2021	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Governance, Performance & Reputation Resources, Culture & Impact 	83% 100% 100%
Andy Davy	19.12.2022	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Capital Development Board Resources, Culture & Impact 	67% 83% 100%
Charles Dudley	08.06.2020-16.06.2022 (Co-opted Member) 17.06.2022 (Independent Governor)	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Audit, Risk & Compliance Capital Development Board 	67% 100% 83%
Kerrith Etkin Bell	18.03.2024	1 st	07.07.2025	Independent Governor	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	83% 0%
Priscilla Kendall	14.09.2021 (Vice Chair – 05.07.2022)	1 st		Independent Governor (Vice Chair – Curriculum & Student Experience)	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality Governance, Performance & Reputation 	83% 100% 100%
Ian Mehrtens	24.06.2019 (Chair since 01.04.2022)	2 nd		Independent Governor (Chair)	<ul style="list-style-type: none"> Full Board Capital Development Board 	100% 100%

East Sussex College Group
Members' Report and Financial Statements
For the year ended 31 July 2025

Name	Date of Appointment	Term of Office	Date of Resignation /End of office	Status of Appointment	Committees Served	Individual Attendance
					<ul style="list-style-type: none"> Curriculum, Skills & Quality Governance, Performance & Reputation Resources, Culture & Impact 	100% 100% 100%
Geoff Munn	18.03.2024	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Audit, Risk & Compliance 	100% 100%
Ann Potterton	18.03.2024	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	67% 100%
Derek Richardson	26.04.2024	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Audit, Risk & Compliance Governance, Performance & Reputation 	83% 75% 0%
Shirley Watson	14.12.2023	1 st		Independent Governor	<ul style="list-style-type: none"> Full Board Audit, Risk & Compliance 	100% 100%
Ashley Heminway	17.10.2022	1 st	18.06.2025	Staff Governor (Teaching)	<ul style="list-style-type: none"> Full Board Resources, Culture & Impact 	33% 67%
Kirsty Reid	16.10.2023	1 st		Staff Governor (Teaching)	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	100% 67%
Jack Woodgate	16.10.2023	1 st		Staff Governor (Teaching)	<ul style="list-style-type: none"> Full Board Capital Development Board Curriculum, Skills & Quality 	67% 50% 33%
Harry-James Allcorn	31.03.2025	1 st		Student Governor	<ul style="list-style-type: none"> Full Board Capital Development Board 	100% 100%
Isobel Cremin	12.12.2024	1 st		Student Governor	<ul style="list-style-type: none"> Full Board Resources, Culture & Impact 	100% 100%
Amanda Odhesa	12.12.2024	1 st		Student Governor	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	100% 100%
Emel Yerlikaya	19.12.2022	1 st	25.11.2024	Student Governor	<ul style="list-style-type: none"> Full Board Curriculum, Skills & Quality 	100% 0%

Governors are expected to attend on average, a minimum of 75% of Board and Committee meetings, unless an exception has been agreed with the Board.

Governance Framework

Belle Howard, Director of Governance, has acted as Clerk to the Corporation from February 2022 to the date of the signing of these financial statements. Ian Mehrstens has been in post as Chair of the Board since April 2022.

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

The Board is provided with regular and timely information on the overall financial performance of the College, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Board meets each term and at least four times per annum.

Governors bring a variety of relevant skills and experiences to the Board, including risk, audit and financial acumen, expertise in organisational culture and managing change, capital project management and Further Education professional development and engagement.

The Board conducts its business through following a comprehensive cycle of business, with clearly defined delegated authority to its Committees to ensure effective monitoring and oversight. Each Committee has terms of reference, which has been approved by the Board. These are reviewed annually and were last reviewed in July 2025.

Full minutes of all meetings, except those deemed to be confidential by the Board, are available on the College's website or from the Director of Governance.

The ESCG Board set a robust Governance Improvement Plan for 2025-26, which focused upon:

- **Strategic Focus** – close oversight of financial performance, strengthening risk management, and monitoring progress against the Strategic Plan, with particular attention to digital infrastructure, diversity, equity, inclusion, belonging, and sustainability.
- **Staff & Student Experience** – establishing processes to assess the impact of decisions, and maximising opportunities for the staff and student experience to inform decision making.
- **Governance Effectiveness** – reviewing the effectiveness of governance processes, improving Board meeting papers for clarity and readiness, and ensuring succinct documentation to facilitate effective decisions.
- **Board Membership, Training & Succession Planning** – succession planning for the Chair, maintaining a robust and diverse talent pipeline for Governor recruitment, enhancing mentoring and induction for new Governors, and supporting diversity in Board membership.
- **College Reputation & Community Engagement** – development of a cohesive brand strategy, embedding its values throughout college life, ensuring a unified brand message for recruitment, and strengthening stakeholder engagement.
- **Capital Development Programme Oversight** – ensuring effective focus and oversight on delivery of the College's programme of capital development projects.

The Director of Governance maintains a register of financial and personal interests of the Governors. This register is available for inspection from:

Director of Governance
East Sussex College Group
Cross Levels Way
Eastbourne
BN21 2UF

The Board reviews its performance annually and provides an assessment on its own effectiveness. The Governance, Performance & Reputation Committee (*formerly Search, Performance & Remuneration Committee*) is responsible for oversight and analysis of Board self-assessments. Each Committee is also responsible for annually reviewing its terms of reference and monitoring its performance against these criteria.

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

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

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

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

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Board has a Governance, Performance & Reputation Committee comprising four members, which is responsible for the selection and nomination of any new member (save Staff and Student Governors) for the Board's consideration. The Board is responsible for ensuring that appropriate induction and ongoing training is provided as required. Independent and Staff Governors are appointed for a term of office not exceeding four years and will not normally serve more than two terms of office.

Governance, Performance & Reputation Committee

Throughout the year ending 31st July 2025, the College's Governance, Performance & Reputation Committee comprised 3-4 members. The committee's responsibilities were to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. Details of remuneration for the year ended 31st July 2025 are set out in note 7 to the financial statements.

Audit, Risk & Compliance Committee

Throughout the year ending 31st July 2025, the Audit, Risk & Compliance Committee comprised of four members of the Board (who exclude the Accounting Officer, Chair and members of the Resources, Culture & Impact Committee).

The Committee operates in accordance with written terms of reference approved by the Board and consistent with the Audit Code of Practice*. Its purpose is to advise the Board on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes. The Audit, Risk & Compliance Committee meets on a termly basis and provides a forum for reporting by the College's internal reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of college management. The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit, Risk & Compliance Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit, Risk & Compliance Committee also advises the Board on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board. The Committee also receives and considers reports from the Education & Skills Funding Agency (ESFA)**, as they affect the College's business.

The Committee met four times during the 2024-25 academic year. The following table details attendance by the Committee members:

Member	Attendance	Percentage
Charles Dudley (Chair) – Independent Governor	4 of 4	100%
Geoff Munn – Independent Governor	4 of 4	100%
Derek Richardson – Independent Governor	3 of 4	75%
Shirley Watson – Independent Governor	4 of 4	100%

*Replaced by the 'Framework and Guide for External Auditors & Reporting Accountants of Colleges', March 2025.

**The functions of the ESFA moved to the Department for Education in March 2025.

Internal Control

Scope of responsibility

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

The corporation has delegated the day-to-day responsibility to the CEO & 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between East Sussex College and the funding bodies. They are also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 East Sussex College for the year ended 31 July 2025 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The College has an internal audit service, which operates in accordance with requirements of the DfE's College Finance Handbook. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the Audit, Risk & Compliance Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The Corporation identifies, evaluates, and manages risk, including an impact and likelihood evaluation of key operational, financial, compliant and other risks. The Governors and the Executive Team are committed to ensuring that a proactive risk management culture is embedded across the College. The risk management framework ("Framework") is the tool by which the Executive Team, Managers and staff are expected to identify, assess, mitigate and monitor threats across all areas of the College.

The Framework recognises that like any organisation, the College faces the threat or possibility that an action or event could adversely (negatively) or beneficially (positively) affect an organisation's ability to achieve its strategic objectives. Risk management is an essential mechanism to ensure that threats that could affect the successful delivery of the institution's objectives are appropriately recognised, addressed and managed by the College.

This Policy Framework sets out the College's underlying approach to risk management, documents the roles and responsibilities of key parties/individuals and outlines the key aspects of the risk management process and procedures.

The Framework forms part of the College's System of internal controls, which together encompasses a number of elements that together underpin an effective and efficient approach, enabling the College to respond to various operational, financial, and reputational risks. The principle risks to the College are noted in the strategic report.

Control weaknesses identified

In response to a request to include a reactive audit on variable pay, the internal auditors identified two weaknesses in the system centred around variable pay budget and claims. In response to this the College ensured compliance with uploading budget information to the variable pay system in a timely manner and improved the timeliness regarding authorisation and processing of claims. Action was taken and verified through a follow up audit in year, and the audit committee is satisfied that the action taken is sufficient to address the control weakness. The internal auditors did not identify any other areas of significant weakness in the internal controls in operation for the areas reviewed and, in their opinion, the College has an adequate and effective framework for risk management, governance and controls.

Responsibilities under accountability agreements

The corporation receives regular reports on its compliance with its contractual responsibilities under its funding agreements and contracts with the Department for Education (DfE) and has concluded that it has complied with its contractual responsibilities under its funding agreements and contracts.

The college has reviewed its policies, procedures, and approval processes in line with the 2024-25 college finance handbook and its accountability agreement with the DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Risk and Compliance (ARaC) Committee

The Audit Risk & Compliance committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place.

The Audit Risk and Compliance committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2024/25 and up to the date of approval of the financial statements are shown in the table below:

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2024/25

All of the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual assignment report.

Assignment	Executive lead	Assurance level	Actions agreed		
			L	M	H
Variable Pay Costs: Control Framework, Reporting and Forecasting	Sam Brasier, Executive Director of Finance	No opinion / Advisory [●]	9	9	2
Curriculum planning	Hannah Caldwell, Chief Operating Officer	Reasonable Assurance [●]	3	5	0
Bursaries	Hannah Caldwell, Chief Operating Officer	Reasonable Assurance [●]	6	2	0
Procurement and Payments	Sam Brasier, Executive Director of Finance	Reasonable Assurance [●]	7	4	0
FE Funding Rule Compliance	David Willcox, Director of MIS & Digital	No opinion / Advisory [●]	20	7	0
Safeguarding	Hannah Caldwell, Chief Operating Officer	Substantial Assurance [●]	2	0	0
Follow Up	Hannah Caldwell, Chief Operating Officer	Reasonable Progress [●]	1	4	0

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their external auditor's auditor findings report (management letter) and other reports
- The regularity self-assessment questionnaire

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Team and Audit, Risk and Compliance Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit, Risk and Compliance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit, Risk and Compliance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2025 meeting, the corporation carried out the annual assessment for the year ended 31 July 2025 by considering documentation from the Executive Team and internal audit and taking account of events since 31 July 2025.

Based on the advice of the Audit, Risk and Compliance Committee and the Accounting Officer, 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 11/12/25 and signed on its behalf by:



Ian Mehrtens
Chair of Governors
11th December 2025



Rebecca Conroy
Accounting Officer
11th December 2025

Statement of Regularity, Propriety and Compliance

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

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



Rebecca Conroy
Accounting Officer
11th December 2025

Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate,
- prepare financial statements on the going concern basis, unless it is inappropriate to assume the college will continue in operation.

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

The Corporation is 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 corporation.

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

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

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

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

Approved by order of the members of the Corporation on 11th December 2025 and signed on its behalf by:



Ian Mehrtens
Chair of Governors

Independent Auditor's Report to the Corporation of East Sussex College

Opinion

We have audited the financial statements of the Corporation of East Sussex College Group (the 'College') for the year ended 31 July 2025 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, the Consolidated and College Statement of Changes in Reserves, the Balance Sheet and the Consolidated Statement of Cash Flows, and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Governing Body is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education (DfE) requires us to report to you if, in our opinion:

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

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

In our opinion, in all material respects,

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency 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 2a 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 9 to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Responsibilities of the Governing Body of East Sussex College Group

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, 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 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 College or to cease operations, or have no realistic alternative but to do so.

Auditors 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 college operates in and how the college is complying with the legal and regulatory frameworks;
- Enquiry of management, those charged with governance around known or suspected fraud or irregularity and the existence of actual and potential litigation and claims;
- Enquiry of College staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing and testing the key controls to assess adherence to systems;
- 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;
- Reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency 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

Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 12/12/2025

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

Independent Reporting Accountant's Assurance Report on Regularity

To: The corporation of East Sussex College Group and Secretary of State for Education

In accordance with the terms of our engagement letter dated 8th April 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by East Sussex College Group during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

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

Respective responsibilities of the accounting officer of East Sussex College Group and the reporting accountant

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure. The work undertaken to draw to our conclusion includes:

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

Conclusion

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

MHA

MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 12/12/2025

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

Type text here

Consolidated Statement of Comprehensive Income and Expenditure

For the year ended 31 July 2025

	Notes	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
INCOME			
Government grants	2	43,333	37,463
Tuition fees and education contracts	3	12,147	11,703
Other grants and contracts	4	1,884	2,950
Other income	5	1,844	1,989
Investment income	6	101	189
Total income		59,309	54,294
EXPENDITURE			
Staff costs	7	36,055	33,468
Other operating expenses	8	18,247	18,590
Depreciation		4,110	4,169
Interest and other finance costs	10	(188)	(31)
Total expenditure		58,224	56,196
(Deficit)/surplus before other gains/(losses)		1,085	(1,902)
Gain/(loss) on disposal of assets		-	-
(Deficit)/surplus before tax		1,085	(1,902)
Taxation		-	-
(Deficit)/surplus for the year		1,085	(1,902)
Actuarial loss in respect of pensions schemes		(505)	(883)
Total comprehensive income for the year		580	(2,785)

Consolidated and College Statement of Changes in Reserves

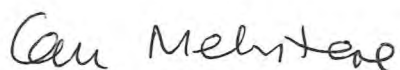
For the year ended 31 July 2025

	Income & expenditure account £000	Revaluation reserve £000	Total £000
Balance at 01 August 2023	26,131	7,500	33,631
Surplus/(deficit) from the income and expenditure account	(2,059)	-	(2,059)
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit pension scheme	(883)	-	(883)
Transfers between revaluation and income and expenditure accounts	157	(157)	-
Total comprehensive income for the year	(2,785)	(157)	(2,942)
Balance at 31 July 2024	23,346	7,343	30,689
Surplus/(deficit) from the income and expenditure account	927	-	927
Other comprehensive income:			
Actuarial gain/(loss) on defined benefit pension scheme	(504)	-	(504)
Transfers between revaluation and income and expenditure accounts	157	(157)	-
Total comprehensive income	580	(157)	423
Balance at 31 July 2025	23,926	7,186	31,112

Balance Sheets

As at 31 July 2025

	Notes	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Non current assets			
Tangible fixed assets	12	112,434	113,508
Total non-current assets		112,434	113,508
Current assets			
Stocks		43	42
Trade and other receivables		5,008	4,852
Cash and cash equivalents		3,179	2,629
Total current assets		8,230	7,523
Creditors - amounts falling due within one year		(14,225)	(15,972)
Net current assets		(5,995)	(8,448)
Total assets less current liabilities		106,439	105,060
Creditors - amounts falling due after more than one year		(74,960)	(73,986)
Provisions			
Defined benefit obligations		-	-
Other provisions		(367)	(386)
Total net assets		31,112	30,688
Reserves			
Income and expenditure account		23,926	23,345
Revaluation reserve		7,186	7,343
Total reserves		31,112	30,688



Ian Mehrtens
Chair of Governors
11th December 2025



Rebecca Conroy
Accounting Officer
11th December 2025

Consolidated Statement of Cash Flows

For the year ended 31 July 2024

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Cash flow from operating activities		
Surplus/(deficit) for the year	1,084	(1,902)
Adjustment for non-cash items		
Depreciation	4,110	4,169
(Increase)/decrease in stocks	(1)	26
(Increase)/decrease in debtors	(156)	(139)
Increase/(decrease) in creditors due within one year	(1,747)	(2,922)
Increase/(decrease) in creditors due after one year	975	2,465
Increase/(decrease) in provisions	(17)	26
Pension costs less contributions payable	(504)	(883)
Taxation	-	-
Adjustment for financing activities		
Interest payable	267	300
Interest receivable	(101)	-
Loss of sale on fixed assets	-	-
Net cash flow from operating activities	3,910	1,140
Cash flows from investing activities		
Proceeds from sales of fixed assets	-	-
Disposal of non-current asset investments	-	-
Investment income	-	-
Withdrawal of deposits	-	-
New deposits	-	-
Payments made to acquire fixed assets	(1,850)	(1,600)
	(1,850)	(1,600)
Cash flows from financing activities		
Interest paid	(267)	(300)
Interest element of finance lease rental payments	-	-
New unsecured loans	-	-
Repayments of amounts borrowed	(1,243)	(1,243)
Capital element of finance lease rental payments	-	-
	(1,510)	(1,543)
 Increase/(decrease) in cash and cash equivalents	 550	 (2,003)

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

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 FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the college's accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Plaza Trading Hastings Limited, which is controlled by the College. Plaza Trading Hastings Limited has been dormant, and no activity has occurred during the year. Control is achieved where the College has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of undertakings passes. Intra-group sales and profits are eliminated fully on consolidation.

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

Going Concern

The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes. As noted in the financial review, the College is reporting a surplus of £1,085k for the financial year (2024: £1,092k deficit), an improvement of £2,177k on the previous year. This surplus has resulted from increased 16-19 funding alongside increased student numbers. Whilst staffing costs have increased predominantly in curriculum and curriculum support areas the College has been able to maintain its non pay costs despite inflation and increased employer national insurance contributions, this includes the stabilisation of energy usage and expenditure.

As a result of this performance the College was able to maintain its reserves position whilst meeting the requirement to meet ongoing debt repayments. Alongside this the College continues to utilise funding received to invest in its estate and has received further capital funding from the DfE as part of its Further Education College Condition Allocation. Therefore, taking all of this into account the cash balances have increased from £2.6m as at 31 July 2024 to £3.2m as at 31 July 2025. In the past, the College has been able to leverage its investment in its estate by using debt finance, however the decision of the Office for National Statistics (ONS) to reclassify Further Education Colleges as public sector has over the last three years had a material impact on the Group's liquidity and ability to borrow. Reclassification also continues to impact the College's operating business processes and practice, however the restrictions on borrowing are having the greatest financial impact.

The previous two financial years has seen the College breach its covenants with two of its lenders which required the College to secure waivers to the breaches and reclassify debts as creditors falling due within one year. The improvement to the College financial performance alongside the continuation of debt repayments for 2024/25 means that the College met its covenants for the two lenders. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

There remains ongoing challenges including the College continuing to have net current liabilities which means cashflow still has significant focus. The College, however continues to plot a sufficient cashflow for the foreseeable future that has due regard to a minimum cash level and will maintain adequate resources, including the repayment of debt to both its lenders under the existing terms. Throughout 2025/26 there are actions and anticipated results that alongside the cashflow offer a level of assurance for the College. This includes confirmed increased allocated funding, on-going opportunities for in-year growth funding, a stable student cohort (with particular reference to 16-19 numbers), increasing apprenticeship and HE income, and a more robust and efficient establishment to deliver the expected provision for the College. 2025/26 enrolments have again increased, albeit at a reduced rate particularly the 16-19 cohort, and a number of actions remain in place regarding associated costs, including an extended utilities contract that minimises future risk of price volatility.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared these statements on a going concern basis.

Recognition of Income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

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

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

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

Capital Grant Funding

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

Fee income

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

Investment Income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

East Sussex County Council (LGPS)

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

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

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

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £8.316m. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2025 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

Short term employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

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

Freehold buildings are depreciated on a straight-line basis over the expected useful economic life to the College (currently up to sixty years for some buildings). The college has a policy of depreciating major adaptations to buildings over the period of their useful economic life. Building works (improvements) are depreciated over a 15-year period. Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the costs of those assets.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition, unless purchased as a larger group of assets. All other equipment is capitalised at cost.

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

Computer equipment	- 5 years
Plant	- 10 years
Vehicles	- 5 years
Equipment	- 5 years
Furniture, fixtures & fittings	- 3 years

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

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

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

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

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

Investments

Investments in subsidiaries

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

Inventories

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 0.7% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's dormant subsidiary company is subject to Corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine whether there are indicators of impairment of the College'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, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 to value the pensions liability at 31 July 2025. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Government Grants	Y/end 31 July 25 £000	Y/end 31 July 24 £000
Recurrent grants		
ESFA/DfE 16-18	33,268	28,412
ESFA/DfE Adult Skills Fund	5,518	5,446
Office for students	334	410
Specific grants		
Teachers' Pension Scheme contribution grants	1,556	1,102
Post 16 National Insurance grant	253	-
Releases of government capital grant	2,404	2,093
Total	43,333	37,463

2a Office for Students (OfS) grant and fee income

	Y/end 31 July 25	Y/end 31 July 24
Grant income from the OfS	334	410
Grant income from other bodies	-	-
Fee income for taught awards (exclusive of VAT)	4,755	4,869
Total grant and fee income	5,089	5,279

3 Tuition fees and education contracts	Y/end 31 July 25 £000	Y/end 31 July 24 £000
Adult education fees	706	785
Apprenticeship contracts	3,860	3,727
Fees for FE loan supported courses	1,028	1,151
Fees for HE loan supported courses	4,755	4,869
International students' fees	985	1,043
Total tuition fees	11,334	11,575
Education contracts	813	128
Total	12,147	11,703

4 Other grants and contracts	Y/end 31 July 25 £000	Y/end 31 July 24 £000
UK-based charities	-	-
Other grant income	460	536
Non-government capital grants	-	-
Other contract income	1,424	2,414
Total	1,884	2,950

5 Other income	Y/end 31 July 25 £000	Y/end 31 July 24 £000
Catering and residences	1,379	1,489
Other income generating activities	206	235
Miscellaneous income	259	265
Total	1,844	1,989

6 Investment income	Y/end 31 July 25 £000	Y/end 31 July 24 £000
Other investment income	101	189
Other interest receivable	-	-
Total	101	189

7 Pay costs

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

	2024-25	2023-24
	No.	No.
Teaching staff	664	647
Non-teaching staff	741	787
	<u>1,405</u>	<u>1,434</u>

The college employed 323 FTE Teaching Staff and 392 FTE Non-teaching staff (2023/24: 314 teaching and 375 Non-teaching FTE)

Staff costs for the above persons

	2024-25	2023-24
	£000	£000
Wages and salaries	26,516	25,026
Social security costs	2,646	2,181
Other pension costs	6,145	4,816
Payroll sub-total	35,307	32,023
Contracted out staffing services	723	1,423
	36,030	33,446
Restructuring costs:		
Contractual	4	22
Non-contractual	21	-
Total staff costs	<u>36,055</u>	<u>33,468</u>

Severance Payments

The College paid 2 severance payments within the year in the following bands:

	2024-25	2023-24
	No.	No.
£0 - £25,000	2	5

Included in staff restructuring costs are special severance payments totalling £21,000 (2023: £41,000). Individually the payments were: £13,500, £7,500.

The Corporation does not have any salary sacrifice arrangements in place.

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 College leadership team which comprises the personnel listed at the top of page 3.

Staff costs include compensation paid to key management personnel for loss of office.

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

	2024-25		2023-24	
	No.		No.	
The number of management personnel including the Accounting officer was:	4		4	
	Key management personnel		Other staff	
	2024-25	2023-24	2024-25	2023-24
	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	2	1
£65,001 to £70,000 p.a.	-	-	5	7
£70,001 to £75,000 p.a.	-	-	1	2
£75,001 to £80,000 p.a.	-	-	1	-
£80,001 to £85,000 p.a.	-	-	-	2
£85,001 to £90,000 p.a.	1	-	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£95,001 to £100,000 p.a.	1	1	-	-
£100,001 to £105,000 p.a.	-	-	-	-
£115,001 to £120,000 p.a.	-	1	-	-
£120,001 to £125,000 p.a.	-	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£135,001 to £140,000 p.a.	1	1	-	-
	4	4	9	12

Key management personnel compensation is made up as follows:

	2024-25	2023-24
	£000	£000
Basic salary	418	271
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	87	56
Total key management personnel compensation	505	327

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2024-25	2023-24
	£000	£000
Basic salary	140	140
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	29	29
Total key management personnel compensation	169	169

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

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Governance, Performance and Reputation Committee. The Accounting Officer's salary is set at a spot point. The salary was determined following a review by the Governance, Performance and Reputation committee. A number of factors were considered in determining the Accounting Officer's salary including experience in the role, the size and diversity of the College Group and sector data on the pay of Accounting Officers. The Accounting Officer was not involved in the review or determination of their salary.

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

	2024-25	2023-24
Principal's basic salary as a multiple of the median of all staff	4.46	4.62
Principal and CEO's total remuneration as a multiple of the median of all staff	4.57	4.81

The college's methodology for the above calculation was to exclude any agency or casual worker salary equivalents and to compare against the average full-time equivalent salary of all established staff members as at 31 July 2025. This clarification of the methodology has resulted in the restatement of the previous year's multiples calculations.

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

8 Other operating expenses	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Teaching costs	1,602	2,030
Subcontracting costs	2,828	3,035
Non-teaching costs	8,206	7,309
Premises costs	5,611	6,234
Total	18,247	18,607

	FY25 £'000	FY24 £'000
Auditors' remuneration		
Financial statements audit	53	42
Teachers' Pension audit	3	3
Internal Audit Fees	58	67
Subcontracting	2,828	3,035

9 Access and participation expenditure	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Access investment	33	35
Total	33	35

The College Access and Participation plan is available at:
<https://www.escg.ac.uk/docs/degree-level/access-and-participation-plan/>

10 Interest and other finance costs	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
On bank loans, overdrafts and other loans	267	300
	267	300
On finance leases	-	-
Net interest on defined pension liability (note 23)	(455)	(331)
Total	(188)	(31)

11 Taxation

The members believe that the College and Group was not liable for any Corporation Tax arising out of its activities during the year.

12 Tangible fixed assets

	Land and buildings		Equipment	Assets in the course of construction	Total
	Freehold	Leasehold			
	£000	£000	£000	£000	£000
Cost or valuation					
At 01 August 2024	146,654	2,667	9,791	3,492	162,605
Additions	-	-	-	3,037	3,037
Disposals	-	-	-	(1)	(1)
Transfers	958	-	2,808	(3,766)	-
At 31 July 2025	147,612	2,667	12,599	2,762	165,641
Depreciation					
At 01 August 2024	44,472	1,036	3,589	-	49,097
Charge for the year	2,691	-	1,418	-	4,109
Disposals	-	-	-	-	-
At 31 July 2025	47,163	1,036	5,007	-	53,205
Net book value at 31 July 2025	100,449	1,631	7,592	2,762	112,435
Net book value at 31 July 2024	102,182	1,631	6,202	3,492	113,507

13 Non-current investments

The college owns 100 per cent of the issued ordinary £1 shares of Plaza Trading Hastings Ltd on incorporation for £100. The principal activity and Plaza Trading Hastings Ltd was the operation of commercial activities on behalf of the college. As at 31 July 2022 the board revised the status of the company to that of a dormant company.

14 Trade and other receivables	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Stock	43	
Amounts falling due within one year:		
Trade receivables	2,230	2,760
Prepayments and accrued income	1,524	891
Amounts owed by the ESFA/DfE	1,248	1,185
Other debtors	6	17
Total	5,051	4,853

15 Creditors: amounts falling due within one year

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Bank loans and overdrafts	1,243	4,429
Trade payables	1,884	2,650
Corporation tax	-	-
Other taxation and social security	1,355	949
Accruals and deferred income	5,427	2,870
Holiday pay accrual	852	772
Deferred income - government capital grants	1,827	2,287
Deferred income - non-government capital grants	-	-
Amounts owed to the ESFA/DfE	587	451
Prepayments received on account	1,050	1,565
Total	14,225	15,973

Due to the college having breached its loan covenants for 2023/24, debt repayable to Barclays and the ESFA was reclassified within the 2024 financial statements. As no such breach has occurred in 2025 the creditor is included within amounts falling due after one year.

16 Creditors: amounts falling due after one year

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Bank Loans	2,003	60
Accruals and deferred income	4,089	4,126
Deferred income - government capital grants	68,868	69,800
Total	<u>74,960</u>	<u>73,986</u>

17 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Barclays bank		
In one year or less	500	1,875
Between one and two years	500	-
Between two and five years	375	-
In five years or more	-	-
Total	1,375	1,875

The current loan structure is as follows:	Principal amount £'000	Interest rate	Final payment date
Secured on the Eastbourne campus	5,000	6.95%	2028

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
ESFA Provider Market Oversight Team		
In one year or less	728	2,539
Between one and two years	728	-
Between two and five years	355	-
In five years or more	-	-
Total	1,811	2,539

The current loan structure is as follows:	Principal amount £'000	Interest rate	Final payment date
Secured on the Hastings campus	5,297	5.87%	2028

East Sussex College Group
Members' report and financial statements
For the year ended 31 July 2025

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
University of Brighton		
In one year or less	15	15
Between one and two years	15	15
Between two and five years	30	45
In five years or more	-	-
Total	60	75

The current loan structure is as follows:	Principal amount £'000	Interest rate	Final payment date
	150	N/A	2029

The loan from the University of Brighton is interest free and unsecured, and repayable in 10 equal tranches from March 2020.

18 Provisions

	Defined benefit obligations	Restructuring	Enhanced pensions	Other	Total
At 01 August 2024	-	-	386	-	386
Expenditure in the period	-	-	(46)	-	(46)
Additions in the period	-	-	28	-	28
					-
At 31 July 2025	-	-	368	-	368

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 23.

The restructuring provision relates to the exceptional restructuring of costs arising from the closure of the Department of Media Studies which was announced in April 2025 and for which redundancy notices were served in June 2025. Other provisions relate to a legal obligation to carry out remedial pipework in the institution's leasehold building. This work will be completed during 2025/6.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	2024-25	2023-24
Price inflation	2.70%	2.80%
Discount rate	5.50%	5.05%

19 Cash and cash equivalents

	01 August 2024	Cash flows	Other changes	31 July 2025
Cash and cash equivalents	2,629	550	-	3,179
Overdrafts	-	-	-	-
Total	2,629	550	-	3,179

20 Capital and other commitments

There were no capital commitments at either year end

21 Lease obligations

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Land and buildings		
Not later than one year	44	78
Later than one year and not later than five years	48	170
In five years or more	-	-
Total	92	248
Other		
Not later than one year	-	-
Later than one year and not later than five years	-	-
In five years or more	-	-
Total	-	-
Total lease payments due	-	-

22

Contingencies

In May 2024, East Sussex County Council agreed to lift its charge over the College's Denton Island building. As such, the associated contingent liability which had been disclosed in previous years' accounts has been removed.

23 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the East Sussex Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit schemes.

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

Total pension cost for the year

	2025 £'000	2024 £'000
Teachers' Pension Scheme: contributions	3,585	2,973
Local government pension scheme:		
Contributions paid	2,455	2,698
FRS 102 (28) charge	<u>(49)</u>	<u>(552)</u>
Charge to the statement of comprehensive income	2,406	2,146
Enhanced pension charge to statement of comprehensive income	<u>10</u>	<u>54</u>
	<u>6,001</u>	<u>5,173</u>

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service 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 from 23.68% to 28.68% from April 2024.

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 £4,442,278 (2024: £3,627,363)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by East Sussex County Council. The total contributions made for the year ended 31 July 2024 were £3,206,000, of which employer's contributions totalled £2,455,000 and employee's contributions totalled £751,000. The agreed contribution rates for the next year are 20.7% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	3.80%	3.90%
Future pensions increases	2.80%	2.90%
Discount rate for scheme liabilities	5.75%	5.05%

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

	At 31 July 2025	At 31 July 2024
<i>Retiring today</i>		
Males	21.8	20.8
Females	24.1	23.8
<i>Retiring in 20 years</i>		
Males	23.4	21.8
Females	25.8	25.3

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

	Long- term rate of return expected at 31 July 2025	Fair value at 31 July 2025	Long- term rate of return expected at 31 July 2024	Fair value at 31 July 2024
Equity instruments	66%	61,935	69%	61,307
Debt instruments	18%	16,539	15%	13,552
Property	15%	13,555	15%	13,139
Cash	1%	1,305	1%	1,216
Total fair value of plan assets		93,334		89,214
Weighted average expected long term rate of return		4.98%		8.01%
Actual return on plan assets		(61)		2,374

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

	2025 £'000	2024 £'000
Fair value of plan assets	93,334	89,214
Present value of plan liabilities	(93,334)	(89,214)
Net pensions (liability)/asset (note 18)	-	-

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

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	2,332	2,068
Past service cost	-	4
Total	<u>2,332</u>	<u>2,072</u>
Amounts included in investment income		
Net interest income	<u>(455)</u>	<u>(331)</u>
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(61)	2,374
Experience losses arising on defined benefit obligations	(906)	414
Changes in assumptions underlying the present value of plan liabilities	<u>463</u>	<u>(3,671)</u>
Amount recognised in Other Comprehensive Income	<u>(504)</u>	<u>(883)</u>
Movement in net defined benefit (liability)/asset during year		
	2025 £'000	2024 £'000
Net defined benefit (liability)/asset in scheme at 1 August	-	-
Movement in year:		
Current service cost	(2,332)	(2,068)
Employer contributions	2,455	2,698
Past service cost	-	(4)
Net interest on the defined benefit obligations	455	331
Administration expenses	(74)	(74)
Actuarial gain or loss	<u>(504)</u>	<u>(883)</u>
Net defined benefit (liability)/asset as at 31 July	<u>-</u>	<u>-</u>

**Asset and Liability
Reconciliation**

	2025	2024
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	89,214	83,140
Current service cost	2,332	2,068
Interest cost	4,044	3,938
Contributions by Scheme participants	751	773
Experience gain on defined benefit obligations	906	(414)
Changes in financial assumptions	(2,013)	4,681
Changes in demographic assumptions	1,550	(1,010)
Estimated benefits paid	(3,445)	(3,962)
Past service costs	-	4
Unfunded pension payments	<u>(5)</u>	<u>(4)</u>
Defined benefit obligations at end of period	<u>93,334</u>	<u>89,214</u>
Changes in fair value of plan assets		
Fair value of plan assets at start of period	89,214	83,140
Interest on assets	4,499	4,269
Return on assets less interest	(61)	2,374
Other actuarial gains/(losses)	-	-
Administration expenses	(74)	(74)
Contributions by Employer	2,455	2,698
Contributions by Scheme participants	751	773
Estimated benefits paid	<u>(3,450)</u>	<u>(3,966)</u>
Fair value of plan assets at end of period	<u>93,334</u>	<u>89,214</u>

24 Related Party Transactions

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

Principal relationships with other entities with financial transactions were as follows:
Governor Andy Davy is Chair of the Board - Hastings and St Leonards Academy
Governor Derek Richardson is Managing Director – AQA Assessment Services Ltd

The total expenses paid to, or on behalf of, the Governors during the year was £2,011; 9 governors (2024: £1,149; 6 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred attending Governor meetings in their official capacity.

No Governor has received any remuneration or waived payments from the college during the year.

25 Amounts disbursed as agent - Learner support funds

	2025 £'000	2024 £'000
16-18 Bursary Grants	1,899	2,605
Other Funding Body Grants	155	240
	<u>2,054</u>	<u>2,845</u>
Disbursed to students	1,468	1,986
Administration Costs	73	99
	<u>1,541</u>	<u>2,085</u>
Balance unspent as at 31 July, included in creditors	<u>513</u>	<u>761</u>

The College distributes 16-19 discretionary and Advanced Learner Loans bursaries and free meals in further education (FEFM) funds to students as an agent of for DfE. In the accounting period ended 31 July 2025, the College received a total of £2,054k and disbursed £1,468k from DfE 16-19 discretionary, advanced learner loan bursary and FEFM funding after charging £73k for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary, advanced learner loans bursary funds and FEFM funding is £513k, of which £80k relates to funds that are in scope to be returned to DfE in December 2025.

Comparatives for the accounting period ended 31 July 2024 are £2,846k received from DfE, £1,986k disbursed to learners after charging £99k for administration costs, and total cumulative unspent funds of £761k, of which £7k was repaid to DfE.

26 Events after the reporting period

In September 2025 the College launched plans for the disposal of the Southover site at the Lewes campus. The site is included within land and buildings within tangible fixed assets at a net book value of £1.44m at 31 July 2025 and has been subject to an impairment review.

