RNN Group

Annual Report and Financial Statements

Year ended 31 July 2024

RNN Group
Contents

RNN Group

Reference and Administrative Details

Key management personnel:	Key management personnel are defined as members of the Group Leadership Team and were represented by the following in 2023/24:
	Jason Austin, Principal and CEO; Accounting Officer
	Tracey Mace-Akroyd, Deputy Principal and CEO
	Phil Curtis, Executive Director of Finance
	Jane Hartog, Executive Director of Human Resources and Marketing
	Cath Mollart, Executive Director of Strategic Planning & Corporate Services
	Mark Ryan, Vice Principal - Curriculum
	Lucy Barnwell, Director of Learner Recruitment & Marketing
	Mel Smith, Director of Campus: North Notts
	Keith Sanderson, Director of Campus: Rotherham
	Debra Adams, Director of Campus: Dearne Valley
	Cheryl Martin, Director of Quality and Academic Standards
	Laura Reid, Director of Safeguarding & Student Support
	James Godsell, Director of Business Development & Apprenticeships
	Daniel Stanbra, Director of Adult Education, Contracts and English & Maths

Board of Governors:	A full list of Governors is on pages 18-19 of these financial statements. Details of people acting as Director of Governance throughout the period are on page 19.
Bankers:	National Westminster Bank Plc, 69 Bridge Street, Worksop, Nottinghamshire, S80 1DJ Lloyds Bank, 1 High Street, Sheffield, S1 2GA
Solicitors:	Eversheds Sutherland, Bridgewater Place, Water Lane, Leeds, LS11 5DR Gordons LLP, Riverside West, Whitehall Road, Leeds, LS1 4AW
Internal auditors:	HW Controls & Assurance Ltd (trading as Validera), Sterling House, 97 Lichfield Street, Tamworth, Staffordshire, B79 7QF
Financial statements and regularity auditor:	Cavanagh Kelly, Chartered Accountants and Statutory Auditors, 36-38 Northland Row, Dungannon, Co. Tyrone, BT71 6AP

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for RNN Group for the year ended 31 July 2024.

Legal status

The corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting RNN Group. The Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

On 1 February 2016, Rotherham College of Arts and Technology and North Nottinghamshire College merged to form RNN Group. On that date, the name of Rotherham College of Arts and Technology was changed to RNN Group and the assets and liabilities of North Nottinghamshire College and its subsidiaries were transferred into this Group. A further merger on 1 February 2017 saw the assets and liabilities of Dearne Valley College transfer into the RNN Group, but with the Group retaining its original name.

Following a strategic review in the financial year 2018/19, it was decided to close Create Skills Limited and Charnwood Training Group Limited and bring their trading, assets and liabilities into the Group from 1st March 2019. The subsidiary companies ceased trading on 28th February 2019.

As at 31 July 2024, the Group had two trading subsidiaries, National Fluid Power Centre Ltd and Rotherham Education Services Limited. The National Fluid Power Centre Ltd is a provider of training for Integrated Systems Engineering and Rotherham Education Services Limited supplies agency workers to the Group.

On 29 November 2022, the Office for National Statistics reclassified colleges and Public sector organisations in the national accounts. The financial statements for the year ended 31 July 2024 reflect changes and disclosures relating to this reclassification.

The Group's address is: RNN Group, Eastwood Building, Eastwood Lane, Rotherham, S65 1EG.

Mission, Vision, Strategy and Objectives

The Group received an Ofsted grading of 'Good' in November 2022 across all eight key areas of the Group. The Group strives to assist its students, employers and local communities to achieve their ambitions. The desire to be 'Outstanding' continues to be at the heart of our vision, mission and values:

RNN Group Vision:

'Leading Innovation and Skills in our Local Communities'.

RNN Group Mission:

Through our strategic relationships with all the communities we serve, our education and training will provide exceptional opportunities for people throughout their lives. Our centres of excellence will be inspirational and sustainable, remaining agile to the needs of our students, staff, employers, stakeholders, schools and the community.

The Group Values are:

- We are Inclusive
- We have Integrity
- We are One Team
- We Deliver

We will achieve our Vision and Mission by:

- Contributing to economic growth and productivity rises in our region
- Delivering higher-level skills and apprenticeships
- Supporting skills for entrepreneurship and business creation
- Helping people with lower-level skills or barriers enter employment
- Providing vocational routes to work, higher skills and education
- Fulfilling a civic responsibility in support of our local communities

Resources

The group employs 665 people (539 full time equivalents), of whom 198 (176 full time equivalents) are teaching staff.

The Group enrolled approximately 14,500 students. The Group's student population includes 3,242 16-to-18-year-old students, 1,036 apprentices, 291 higher education students, and 10,000 adult learners.

During the year the Group received income of £29.9 million (2023: £26.1 million) in Government funding and Office for Students funding.

The group has £28.8 million of net assets (2023: £29.4 million) including £nil pension liability (2023: £nil liability) and long-term debt of £19.7 million (2023: £12.7 million). However, this includes £11.4 million of deferred funding relating to projects (2023: £3.3 million) and £8 million of deferred capital grants (2023: £7 million). As at 31 July 2024, the actuarial report of the defined benefit obligation reported a surplus of £13,828,000 (31 July 2023 – surplus of £9,778,000), however no surplus has been recognised in these financial statements at the reporting date. RNN Group have not recognised such surplus as the members believe that the Corporation cannot recover the surplus either through reduced contributions in the future or through refunds from the plan.

At 31 July 2024 the net book value of fixed assets was £49.7 million which includes the Group's properties and land at £37.9 million.

Stakeholders

The Group has many stakeholders including:

- its current, future and past students;
- parents and carers of students past and present;
- its staff and their trade unions. The senior management team are named on page 1. The trade unions of which RNN Group staff are members are the University and College Union, National Education Union and Unison;
- the employers it works with. The key stakeholders are AES Seals; Equans; ESH; Carers and Enterprise Company; RMBC; Bassetlaw District Council; Stanley Black and Decker; Barnsley and Rotherham NHS Trust; Bassetlaw NHS Trust; Nexus Multi Academy Trust and many, many local SME providers;
- its feeder schools, training providers and partner universities;
- the wider Group community and civic community;
- its local borough council, combined authorities (SYMCA and EMCCA (soon to be devolved) and Local Enterprise Partnership.

Public benefit

The RNN 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 Corporation, who are trustees of the charity, are disclosed on pages 18 and 19.

In setting and reviewing the Group's strategic objectives, the Corporation 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 Group provides the following identifiable public benefits through its educational work:

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

DEVELOPMENT AND PERFORMANCE

Financial Results

The Group generated a surplus from operations of £49,000 (2023: £2.2m deficit). The Group received 75% of its total income for 2023/24 as grants from funding bodies, most notably from the Education and Skills Funding Agency for 16-18 provision. The improvement in performance in the year was largely due increased income from 16-18 provision.

The adjustments in respect of the pension scheme has resulted in a total comprehensive loss for the year of £596,000 (2023: £1.3 million gain).

The Group has a total loan balance of £2.4 million. Of this, £2.2 million is due to be repaid in January 2025. However, contracts are currently with the ESFA and RNN Group legal teams to refinance the loan through the ESFA.

Cash flows and liquidity

The closing cash balance for the year was £9.5m (2023: £5m) with net cash inflow from operating activities at £7.4m. The improved performance from the prior year is mainly due to the position of creditors at year end. This is offset by a cash outflow from investing activities of £2.4m due to the purchase of fixed assets during the year relating to projects. This is partially offset by capital grants received during the year relating to these projects but some of the grants had been received in the prior year. The remainder of the Kiveton monies which were ringfenced as at 31 July 2023 have been spent during the year.

During the year the Group repaid capital on secured loans of £400k. This includes the £2.4m Lloyds bank loan mentioned above along with and a CBILS loan for NFPC which is due to be repaid in September 2026.

Reserves

The Group has accumulated reserves of £28.8 million with cash balances of £9.5 million. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements.

Due to the ONS reclassification, at the year ended 31 July 2023, the monies relating to the sale of land at Kiveton were ringfenced for future capital spend and these were therefore classed as a restricted reserve on the balance sheet with a balance at 31 July 2023 of £593k. During the year to 31 July 2024, these monies have been spent and therefore the restricted reserves balance is now £nil.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2023/24, ESFA provided 61% of the Group's total income.

Group companies

The Group has two subsidiary companies, Rotherham Education Services Limited and National Fluid Power Centre Ltd. The principal activity of Rotherham Education Services Limited is the provision of agency workers to RNN Group and its subsidiaries, whilst National Fluid Power Centre Ltd is a provider of training for Integrated Systems Engineering. Any surpluses generated by the subsidiaries are transferred to the Group under deed of covenant. In the current year, Rotherham Education Services Limited generated a profit of £2k (2023: £1.1k loss) and National Fluid Power Centre Ltd generated a profit of £353k (2023: £155k profit).

FUTURE PROSPECTS

Future developments

Financial plan

The Group governors approved a financial plan in July 2024 which sets objectives for the period to 2025/26. The Group aims to improve its financial health to Good and achieve an EBITDA of £2.1m in 2024/25 and £2.2m in 2025/26. This included pay increases of 2% year on year and increases in LGPS pension rates from 17.7% to 19.9%. The governors have since approved a pay increase of 2.5%, 0.5% above the original budget and the Groups financial health forecast remains Good with an EBITDA of £2.5m in 2024/25 and £2.7m in 2025/26.

Increased 16-19 learner numbers in 2024/25 have resulted in an in-year increase of funding from the ESFA. Increased funding has also been provided for recommended pay increases and the Board are currently reviewing proposals for the longer term with revised forecasts for the years ending 31 July 2024, 31 July 2025 and 31 July 2026.

Treasury policies and objectives

The Group has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Principal/Chief Executive Officer. All other borrowing requires the authorisation of the corporation.

The Group has no plans to increase borrowings and is confident that the loan taken out in 2019 will be repaid to Lloyds by entering into a new loan agreement with the DfE.

Reserves policy

The Group has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the Group's core activities. The Group has restricted reserves of £nil (2023: 593k which related to the Kiveton land sale monies which were restricted for future capital spend). As at the balance sheet date the Income and Expenditure reserve stands at £24.1m (2023: £23.9m). The Income and Expenditure reserve is stated net of the defined pension liability £nil (2023: £nil). It is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Improvements to our risk management framework and risk register are on-going but are already demonstrating the Group has an insight on the most important risks, the controls currently in place and actions required to further manage our risks. The risk management approach is consistently applied and is seen as a particularly important aspect of college management, with training and development being cascaded through all levels of the organisation. The review and reporting of risk registers is now dynamic and the new system aims to make better use of the risk register at manager level. Managers are able to use their risk register as part of their day to day activities and therefore be able to identify key risks faced.

The Group has therefore done a lot of work to review and redesign the group risk management framework.

The Group now has access to a cloud-based risk management information system called 4risk. This will provide a complete picture of risk, controls and assurances across the Group. This has resulted in a revision of the Group's risk management framework, policy and strategy.

Outlined below is a description of the principal risk factors that may affect the Group. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group, for example, strict cost control, oversized estates and quality of teaching and learning.

1 Government funding

The Group has considerable reliance on continued government funding through the ESFA and Office for Students (OfS). In 2023/24, 75% of the Group's revenue was ultimately public funded and this level of requirement is expected to continue. Up until 2020/21, there had been no increase in the funding rate for 16-19 year old learners for some time. In 2020/21, the rate increased by £188 per learner with a further £354 in 2022/23. Funding has continued to increase in 2023/24 and 2024/25 along with confirmed plans for exceptional in year growth funding in 2024/25. There can be no assurance that government policy or practice will increase this further in the future or that public funding will continue at the same levels or on the same terms.

The Group is aware of significant issues which will impact on future funding and finances, or could impact on reputation:

- Pressure on government funding of further education, particularly for non-apprenticeship delivery is expected to continue for the foreseeable future.
- The lower levels of recruitment of 16-19 year-old study programme learners that are resulting in significantly lower income under the lagged funding model.
- The significant competition from schools and academies in the 16-19-year-old market.

These risks are mitigated in a number of ways:

- By ensuring the Group is rigorous in delivering high quality education and training with the aim of maintaining Ofsted status of at least 'Good'. This will benefit learners and also help to maximise Group recruitment and income.

- Review of local demographics and the associated growth and retraction in learners entering the 16-19 age group and ensuring our planning reflects these trends.

- Remaining responsive to changing circumstances; maintaining staffing levels that match the number of learners and their needs.

- Ensuring the Group is focused on those sectors that are a priority for employers which will continue to benefit from public funding.

- Continue to develop new Curriculum Strategy to reflect expectations and opportunities of Technical and Professional Education routes.

- Continue to develop the Higher Education and Skills offer, focused on Higher Apprenticeships and other employer related skills needs.

- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.

- Regular dialogue with the DfE.

- Working with colleagues within SYMCA and the new devolved East Midlands Combined County Authority (EMCCA) to ensure that the Adult Skills Funding is in line with current levels and developing opportunities to grow the adult education budget.

- Establish RNN as primary Apprenticeship delivery partner for employers within catchment and wider SYMCA and EMCCA regions.

- Endeavouring to identify compensatory income improvements and cost reductions to mitigate the net impact on the Group.

- Reviewing the marketing strategy to ensure potential learners are able to access learning opportunities within the Group.

2 Higher Education Enrolments

The Group's HE provision has seen a decline in the year and the risk to income is a further decline in enrolments to courses and therefore further reductions in loan income.

This risk is mitigated in a number of ways:

- By ensuring the Group is rigorous in delivering high quality education and training, thus ensuring value for money for students.

- Close monitoring of the demand for courses as prices change.

- Remaining responsive to changing circumstances; maintaining staffing levels and efficiencies that match the number of learners and their needs.

- Ensuring that the HE provision is marketed adequately locally, targeting learners within the Groups region.
- Ensuring that learners are progressing onto HE courses where suitable along with external recruitment.
- HE strategy is in line with national and regional needs.
- Responsive to preparation for Lifelong Loan Entitlement.
- Preparing for Higher Technical Qualifications and the partnership with the South Yorkshire Institute of Technology.

3 Cash reserves

The Group needs to manage the cash reserves to ensure they are adequate throughout the financial year despite the fluctuation in payments through the year from the ESFA.

This risk has been mitigated by:

- Ensuring the cashflow forecast is closely monitored throughout the year.
- Managing the non-pay budgets early in the financial year by limiting expenditure to 50% in the first 6 months of the year.
- Monitoring the requests for capital expenditure to ensure that budgets are adhered to.
- Reducing the size of the Group's estate through asset sales and using proceeds for future capital investment.

All of the above risks have been identified as strategic risks, both in the strategic plan and the risk management register.

KEY PERFORMANCE INDICATORS

The Group's key performance indicators, targets and results are set out below.

Key performance indicator	**Measure/Target**	**Actual for 2023/2024**
Student number targets (16-18 learners)	2,783	3,242
Student achievement	87%	84.24%
Operating surplus/EBITDA as % of income	>5% of income	4.79%
Financial Health	Good or better	Requires Improvement
Ofsted rating	Good	Good

At the year end the Group had a Loan with Lloyds bank with a balloon payment of £2.1m due in January 2025. Since ONS reclassification of colleges into the public sector in November 2022 the Group has been prevented from securing commercial lending but must refinance this loan with the DfE. As a result, the whole of the loan was recognised as a current liability repayable within 12 months and used within the current ratio calculation; the impact is a 10-point reduction on the financial health score. The Group has agreed terms for the loan to be refinanced through DfE on 5th January 2025 repayable over 7 years. Had the majority of loan been recognised as a non-current liability repayable after 12 months the Group would have posted a Good financial health score. The Group are in discussions with the ESFA to consider a moderation of the financial health score to Good on the basis the Group has been adversely impacted by reclassification rules and DfE refinancing schedules.

Student achievements

Students continue to prosper at the Group with 93% of students moving into employment or further or higher education after they completed their course.

Payment performance

The Group recognises the importance of paying suppliers within a reasonable timescale and where invoices have been approved, they are paid in line with the payment terms required by the supplier. Where an invoice is disputed, the Group will not pay even if the due date has passed. The Group paid 29% of invoices in the year to 31 July 2024 (35% in the year to 31 July 2023) in less than 30 days. 87% of invoices were paid within 60 days (87% in the year to 31 July 2023). The Group incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

The RNN Group is committed to promoting an inclusive and supportive environment for students, staff and visitors that is free from discrimination, where all are able to participate and where everyone has the opportunity to fulfil their potential. We hold the Investors in Diversity Award.

We follow FREDIE Principles that promote positive attitudes towards inclusivity and valuing diversity. It also seeks to ensure that all who are subject to the Group's policies, practices and procedures are treated fairly and are not treated less favourably on the grounds of any of the 9 protected characteristics: age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex, sexual orientation and marriage and civil partnership.

We have made a firm commitment to the key principles embodied by FREDIE

Fairness – Being reasonable, right and just.

Respect – Having due regard for feelings, wishes and rights of others.

Equality – Where every person has equal rights and every person has a fair chance.

Diversity – Diverse means different. We are all different so diversity includes us all. The concept of diversity encompasses understanding, acceptance and respect.

Inclusion – Where every person feels respected, valued and that they fit in with the organisational culture.

Engagement – Two-way commitment and communication between an organisation and its employees.

At the RNN Group, we recognise that advancing equality necessitates understanding and accommodating individual needs and capabilities. Within a truly diverse community, we celebrate and value our differences. Inclusivity remains at the core of our endeavours, guiding everything we do.

We are part of the Disability Confident Scheme at Level 2. We have implemented specific actions to improve our recruitment and retention practices to support people with disabilities in the workplace. We are committed to the following:

- Ensuring our recruitment process is accessible to disabled people.
- Offering adjustments to support disabled employees.
- Promoting a positive culture of inclusion.

The Group has an FREDIE Management Group comprised of management members of staff and a Governor 'Champion'. This group meets termly to consider all aspects of EDI and looks at strategies for continuous improvement.

Gender pay gap reporting

As an employer of 250+ employees, we are required to comply with Gender Pay Gap legislation and provide a yearly report. Aside from the legal requirement, fairness, inclusion and equal opportunity are at the heart of our values, so gathering and transparently reporting on gender pay gap information allows us to see where we are currently, and how to make positive changes in the future.

The timetable for publishing this information is within 12 months of the reporting period thus our latest available data is to 31st March 2023.

Our Gender Pay Gap Data

On the snapshot date our workforce gender demographic consisted of 276 men and 518 women classed as full pay relevant employees. Some employees have identified as non-binary so are not reflected in this data.

	2018/19	2019/20	2020/21	2021/22	2022/23
Mean Gender Pay Gap	14.9%	13.8%	13.2%	16.1%	**14.6%**
Median Gender Pay Gap	27.1%	27.1%	26.5%	22.7%	**17.3%**

The data shows our gender pay gap, based on mean (average) hourly salary, is 14.6% lower for women, and the median hourly salary is 17.3% lower for women across the organisation. This is a 1.5% decrease in our mean gender pay gap in compared to 2021-22.

The Group publishes its annual gender pay gap report on its website.

Disability statement

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

a) As part of its estates strategy the group continuously reviews the use and accessibility of its properties. Experts in this field conducted a full access audit in

2023, and the results of this will form the basis of funding capital projects to continue to improve access, during 2023/24 improvements have been made to door access at North Notts College. All new furniture orders now include a requirement in include at least one space per room that has flexibility to accommodate users with additional needs.

b) The Group has appointed staff, who provides information, advice and arranges support where necessary for students with disabilities.
c) There is a list of specialist equipment, such as radio aids, which the Group can make available for use by students and a range of assistive technology is available in the learning centre.
d) The admissions policy for all students and appeals against a decision not to offer a place are dealt with under the complaints policy.
e) The Group has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in the Group's prospectuses, and achievements and destinations are recorded and published in the standard Group format.
g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
7	5.24

Percentage of time	Number of employees
0%	-
1-50%	7
51-99%	-
100%	-

Total cost of facility time	£13,855
Total pay bill	£21,522,000
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	100%

GOING CONCERN

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

The Group has been working closely with the FE Commissioner since July 2019 and has taken decisive action to improve financial health, governance and curriculum quality. During the year the group engaged with the FE Commissioners Curriculum Efficiency and Financial Sustainability (CEFS) programme. This worked alongside implementing the new budget setting strategy for financial years 2023/24 to 2028/29 with clear expectations for the executive team to improve the financial health and control cost in line with sector benchmarking information on staffing and non-staffing costs. Included in that Strategy are some key performance indicators designed to improve to Group's financial position; a summary of these are given below.

Measure	KPI	Draft Budget 2024/25
Financial Health	Good or Better	Good
Staffing	≤ 66% of income	67.3%
EBITDA%	> 5% of income	4.8%
EBITDA	> Depreciation	Not met
Borrowing	< 10% of income	4.7%
Cash Days	≥ 30	34
Curriculum Contribution	≥ 45%	49%
Average Class Size	> 16	16

The Board and Executive/SLT team have to ensure that the financial stability of the Group is maintained and strengthened through a number of changes and mitigations during each year. This includes responding to reduced learner recruitment in HE by reviewing its staffing vacancies and on-going staffing requirements and well as reviewing the resources required to maintain a high-quality learning environment. The year-end accounts show the Group's financial health score of 'Requires Improvement'.

Pay continues to be an important factor in the success of the group in attracting and retaining key lecturing and teaching staff but also in rationalising staffing structures to reduce costs to be more in line with sector averages of 65% of income spent of staffing. Current forecasts for the 2024/25 year are close to 67% and senior leaders are constantly review staffing and resourcing requirements.

The summary financial health table is shown below:

	Budget 23/24	Actual 23/24	Forecast 24/25	Forecast 25/26
Adjusted current ratio	0.81	0.85	1.32	1.71
EBITDA as a % of income - education specific	6.26%	4.79%	4.88%	5.01%
Borrowing as a % of adjusted income	6.35%	6.15%	4.71%	3.92%
Calculated Grades				
Adjusted current ratio points	40	40	60	80
EBITDA as a % of income - education specific points	60	40	40	50
Borrowing as a % of income points	90	90	90	90
Total Points	190	170	190	220
Annual Health Grade	Good	Requires Improvement	Good	Good

As in previous forecasts, Income growth included within the plan was prudent and our overall position following a full review with budget holders in early 2024/25 is showing another positive year with an overall increase in income. As mentioned above the senior leaders are reviewing staffing and non-staffing costs to ensure we deliver the right resources within the original forecasts. The Group remains at Requires Improvement financial health in 2023/24. Cashflow will see an improvement during the year as the EBIDTA is forecast to increase significantly in this reporting financial year. Borrowings remain low and it's EBITDA remains positive and overall there should be a return to an operating surplus.

The immediate risks to achieving the current forecast and therefore the financial health and cashflow, are:

- The ability to deliver the Adult Skill Funding, ASF, formerly Adult Education Budget, AEB, allocations within the year.
- Apprenticeships enrolments in year.
- HE enrolments in 2024/25 and the future of HE within the Group.

The cash flow forecast shows a low point of £3.5m in March 2025. The forecasts, under the budget setting strategy, demonstrate that the Group has sufficient cash resources to meet its liabilities and cover its new covenant compliance requirements with adequate headroom in cash resources to mitigate the risks considered above. The model automatically provides KPIs for expenditure when assessing sensitivities applied in the going concern assessment to include reductions in revenue from ASF/AEB and apprenticeships.

The Group has net current assets of £1.2m at 31 July 2024 (net current assets of £1.7m at 31 July 2023) and net assets of £28.8m (2023: net assets of £29.4m).

The financial plans for the years 2024/25 and 2025/26 show the Group moving forward with increasing financial strength, particularly with regard to cash balances and borrowings.

EVENTS AFTER THE REPORTING PERIOD

On 4th December 2024 the ESFA issued notification of a R414 reconciliation whereby growth funded numbers are reconciled back to the R04 data. This reconciliation indicates the equivalent of 15 funded places had withdrawn during the year. This equated to

£98,000 to be clawed by the ESFA in January 2025. This is below the audit materiality to alter the accounts however, the impact of the reduced income resulted in our EBITDA % dropping from 5.24% to 4.8% and moved the Group from Good financial health into Requires Improvement.

DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Approved by order of the members of the corporation on 11 December 2024 and signed on its behalf by:

Janet Pryke

Chair of the Corporation

RNN Group

Statement of Corporate Governance and Internal Control

Governance Statement

The following statement is provided to enable readers of the annual report and financial statements of the Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The Group endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the Group complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. Internal auditors conducted testing of the 'musts' within the Code to ensure compliance during the year. All recommendations for improvement were accepted and have been addressed. The Board recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015, which it formally adopted in March 2015 and is periodically updated thereafter. The Board at its May 2024 meeting adopted the new AoC Code of Good Governance. This was reviewed through an External Governance Review which concluded in May 2024 and a full review is underway as part of the Board's Governance Improvement Plan overseen by the Search, Governance and Remuneration Committee.

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

THE CORPORATION

Members of the corporation

The members who served on the corporation during the year and up to the date of signature of this report were as listed in the table below. All terms of office are for a four-year period up to a maximum of two terms of office.

Name	Date of appointment / reappointment	Current term of office	Date of resignation	Committees served	Status of appointment	Board Attendance in 23/24
Jason Austin	09/05/2019	When ceases to be Principal		Search, Governance & Rem Finance & Resources Quality & Standards	CEO/Principal	100%
Janet Pryke (Chair until 20.5.24 and interim Chair from 22.10.24)	18/12/2019 Reappointed 11/12/2023	4 years 4 years		Finance & Resources Search, Governance & Rem	External	96%
Jennifer Worsdale (Vice Chair until 20/05/2024 and Chair from 20/05/2024)	23/11/2020 Reappointed 9/10/2024	4 years 4 years	14/10/2024	Quality & Standards (Chair) Finance & Resources Search, Governance & Rem	External	96%
Katie Asgari	20/10/2021	4 years		Quality & Standards	Staff	90%
Simon Ashton	09/10/2024	4 years		Quality & Standards	External	-
Heather Barnett	23/11/2020	4 years	23/11/2024	Quality & Standards	External	90%
Sharron Blackburn	20/10/2021	4 years	09/10/2024	Audit & Risk (Chair)	External	97%
Sharron Blackburn	10/10/2024	1 year (co-opted)		Audit & Risk	External	-
Veronica de Bruce McCoy	18/12/2019	4 years	19/09/2023	Quality & Standards	External	-
Stephen Bulley	18/12/2019 Reappointed 11/12/2023	4 years 4 years		Audit & Risk Search, Governance & Rem	External	31%
Donna Clifford	20/10/2021	4 years		Quality & Standards	External	65%
Margaret Cobb	20/10/2021	4 years		Finance & Resources	External	96%
Shirley Collier	31/08/2021	4 years		Audit & Risk	External	88%
Katie Curtis	29/04/2020	4 years	24/01/2024	Quality & Standards	Staff	75%

Sally Gillborn	12/12/2022	4 years		Quality & Standards	External	68%
David Grimes	12/12/2022	4 years		Audit & Risk	External	90%
Daniel Gregory	05/02/2024	5 months	31/07/2024	Quality & Standards	Student	90%
Paul Lomas	12/12/2022	4 years		Finance & Resources (Chair) Search, Governance & Rem	External	100%
Debbie Marshall	17/10/2022	4 Years		Finance & Resources	External	83%
Kay Mulcahy	09/10/2024	4 years		Finance & Resources	External	-
Jack Pike	01/09/2024	1 year		Quality & Standards	Student	-
Fatima Sabir	01/09/2024	1 year		Quality & Standards	Student	-
Carol Stanfield	20/10/2021	4 years	Sabbatical 19/09/2023 - 01/06/2024 due to job role	Quality & Standards	External	50%
Ian Sutherland	21/03/2024	4 years		Quality & Standards	Staff	50%
Hayley Tingle	09/10/2024	4 years		Audit & Risk (Chair)	External	-
Aimee Wilson	05/02/2024	5 months	31/07/2024	Quality & Standards	Student	20%
Louise Woodcock	09/10/2024	4 years		Quality & Standards	External	-
Sohil Zokari	09/10/2024	4 years		Audit & Risk	External	-

Maxine Bagshaw acted as Director of Governance of RNN Group until 3 November 2023. Cath Mollart acted as Interim Director of Governance until 22 November 2023. Sarah Connerty acted as Interim Director of Governance until 21 April 2024 and as permanent Director of Governance from 22 April 2024.

The governance framework

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

The corporation is provided with regular and timely information on the overall financial performance of the Group together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues.

The Corporation has a policy framework as part of its Scheme of Delegation which ensures it is compliant with all relevant policies. This includes compliance with new requirements following reclassification and systems and controls around Managing Public Money and transactions for which DfE or HM Treasury approval is now required.

The Director of Governance provides a monthly Governor briefing which includes sector and Group updates and opportunities for development and training for governors.

The corporation conducts its business through the following committees:

- Finance & Resources Committee
- Audit & Risk Committee
- Quality and Standards Committee
- Search, Governance & Remuneration Committee
  And the following time limited groups:
- Capital Projects Steering Group
- Apprenticeship Delivery Task and Finish Group
- Structures & Savings Task Group

Each committee has terms of reference, which have been approved by the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the Group's website or from the Director of Governance at RNN Group, Eastwood Building, Eastwood Lane, Rotherham, S65 1EG or sarah.connerty@rnngroup.ac.uk.

Formal agendas, papers and reports are supplied to governors in a timely manner using a Governors' portal.

The Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address and is provided on the Group website.

All governors are able to take independent professional advice in furtherance of their duties at the Group'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 Corporation as a whole.

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

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

The Director of Governance is a senior post holder and holds a number of governance qualifications including the ICSA Corporate Governance qualification and Governance Professional qualifications from the Association of Colleges (AoC) and Education and Training Foundation (ETF). The Director of Governance regularly attends sector training, is a member of the AoC Yorkshire and Humber Governance Professionals Network and the Vice Chair of the AoC London Governance Professionals Network. The Director of Governance also supports the sector by mentoring new Governance Professionals through the AoC's Induction Programme. These benefit governance performance by ensuring the Corporation has insights into section wide FE governance practices, up to date knowledge on compliance and best practice and opportunities for innovative practice.

Appointments to the corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search, Governance and Remuneration Committee which is responsible for the selection and nomination of any new member for the Corporation's consideration. A Governor succession plan is in place and the

Corporation appointed five new Governors in October 2024. Members of the Corporation are appointed for a term of office not exceeding four years and for a maximum of two terms of office.

The Corporation is responsible for ensuring that appropriate training and governor development is provided. The Corporation has a Governor development plan in place and there is a timetabled programme of training opportunities through the year including statutory safeguarding training, bitesize briefings on key areas of the Group, learning walks and deep dives, risk scrutiny sessions, invites to student events and link governor visits. There is an induction programme for new Governors which has been updated this year in line with recommendations from the External Governance Review. In September 2024 the Search, Governance & Remuneration Committee introduced a requirement for Governors to attend at least three sessions/events in addition to Board and Committee attendance. The Committee reviews Governor Development ensuring that Governors have the appropriate training and development to carry out their roles effectively and that there are opportunities for Governor development, succession planning and improved performance.

Corporation performance

The Corporation commissioned an External Governance Review by Ian Ashman in 2023-24. The summary of the EGR has been agreed with the reviewer and is published on the Group website. The recommendations from the EGR are part of the Governance Improvement Plan overseen by the Search, Governance & Remuneration Committee. All Committees annually review their effectiveness, Governors meet annually with the Chair to review their performance and the Corporation annually reviews the performance of its Chair and Director of Governance. Members of the Quality & Standards Committee are involved in the Group's Self-Assessment Report validation prior to Corporation consideration and approval.

Search, Governance and Remuneration Committee

The Search, Governance and Remuneration Committee comprises of the Chair, Vice Chair(s) and Chairs of Committees. This can include co-opted Governors who have the skills required to support the Committee. The Chairing is alternated between Chairs. The Committee operates in accordance with written terms of references approved by the Corporation.

The Search, Governance and Remuneration Committee meets at least three times a year. In 2023-24 it led on the appointment of a new Chair, two new Vice-Chairs and five new members of the Corporation.

Membership during the 2023-4 period was:

	Attendance
Jason Austin (not for remuneration matters)	100%
Sharron Blackburn	100%
Janet Pryke	100%
Paul Lomas	100%
Jenny Worsdale	100%

Giving an overall attendance rate of 100%

The Committee met three times in 2023-24 on 3/10/23, 11/1/24 and 14/5/24

The Committee's responsibilities include reviewing the performance, setting targets and making recommendations to the Corporation on the remuneration and benefits of the Group's Accounting Officer and Senior Post Holders.

The Corporation adopted the AoC's Senior Staff Remuneration Code and annually publishes a Senior Post Holder Remuneration Annual Report.

Details of remuneration for the year ended 31 July 2024 are set out in these financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprises of a minimum of four members of the Corporation (who exclude the Accounting Officer and Chair). This can include co-opted Governors who have the skills required to support the Committee. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The Group's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Committee. Management is responsible for the implementation of agreed recommendations and internal audit undertake annual follow up reviews to ensure such recommendations have been implemented.

The Audit & Risk Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Membership during the 2023-24 period was:

	Attendance
Sharron Blackburn (Chair)	100%
Stephen Bulley	80%
Shirley Collier	100%
David Grimes	80%

Giving an overall attendance rate of 90%

The Committee met five times in 2023-24 on 13/9/23, 23/11/23, 20/2/24, 9/5/24 and 11/6/24.

INTERNAL CONTROL

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding Agreement between RNN Group and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in RNN Group for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group's significant risks that has been in place for the period ending 31 July 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

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

Risks faced by the corporation

The Internal Auditors in the year ending 31 July 2024 highlighted that the Group is on a journey to improve Risk Management and areas of good practice include Risk Management Policy and procedures and risk appetite are in place; risk registers are in place and all risks have an assigned owner; risk management training has taken place for staff and Governors. Areas for further work include continued effort to populate and update the risk register; further embedding risk appetite; improving the content and presentation of the risk register. In September 2024 a new version of the 4risk system took place to support improvements.

The Group is developing strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protects its assets, reputation and financial stability. Strategic risk registers are reviewed at each meeting of the Audit and Risk Committee.

Responsibilities under funding agreements

The Group is responsible for ensuring compliance with the Funding Rules that form part of the terms and conditions of the funding agreement between the Education and Skills Funding Agency (ESFA) and the Group. The Group has in place a system of internal control and reporting through its committees and board.

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

Statement from the Audit and Risk Committee

The Audit and Risk Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit and Risk Committee in 2023/24 and up to the date of the approval of the financial statements are:

- Review the work of the Internal Audit including:
    - Payroll
    - Student Records (AEB)
    - Student Wellbeing
    - Procurement
    - IT Cyber Security
    - Risk Management
    - Estates
    - Review items outstanding from prior years

The Committee has held three risk scrutiny sessions on subcontracting, risk management and environment and sustainability and all Governors are welcome to join the sessions.

Review of effectiveness

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

- the work of the internal auditors;
- attendance at audit & risk committee meetings as an observer;
- the work of the executive managers within the Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Group's financial statements auditors, the reporting accountant for regularity assurance in their management letters and other reports.

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

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

The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and the Audit & Risk Committee. Each Committee is delegated relevant risks which are considered alongside their wider agendas to improve the effectiveness of risk management arrangements. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the July 2024 Corporation meeting Governors put in place a number of actions to further embed risk within the Corporation and Committee framework and this is being overseen by the Search, Governance and Remuneration Committee as part of the Governance Improvement Plan. At its December 2024 meeting, the Corporation will carry out the annual assessment for the year ended 31 July 2024 by considering documentation from the Audit & Risk Committee and taking account of events since 31 July 2024.

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

Approved by order of the members of the Corporation on 11 December 2024 and signed on its behalf by:

Signed by:

2E85C855683 4464...

Janet Pryke

Chair of the Corporation

DocuSigned by:

Jason Austin

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Jason Austin

Accounting Officer

RNN Group

Statement of Regularity, Propriety and Compliance

As Accounting Officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of the college's accountability agreement, funding agreements and contracts with ESFA and DfE, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

DocuSigned by:
Jason Austin
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Jason Austin

Accounting Officer

11 December 2024

Statement of the chair of governors

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

Signed by:
2E85C8556834464...

Janet Pryke

Chair of the Corporation

11 December 2024

RNN Group

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

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

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

The corporation is also required to prepare a Members' Report, in accordance with paragraphs 3.23 and 3.27 of the FE and HE SORP, 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 Group and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; 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 ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA, DfE and other public bodies are not put at risk.

Approved by order of the members of the corporation on 11 December 2024 and signed on its behalf by:

Janet Pryke

Chair of the Corporation

RNN Group

Independent auditor’s report to the Corporation of RNN Group

Opinion

We have audited the financial statements of RNN Group (the ‘parent corporation’) and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Balance Sheets, the Consolidated and College Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent corporation’s affairs as at 31 July 2024, and of the group's and parent corporation’s surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education as issued in October 2018 and any subsequent amendments.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the group and parent corporation 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 corporation’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s or parent corporation’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 corporation with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the Corporation of RNN Group (continued)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent corporation for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, the Education & Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them; and
- the requirements of the OfS accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Post-16 Audit Code of Practice 2023 to 2024 issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- the parent corporation has not kept adequate accounting records; or
- the group and parent corporation's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

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

Responsibilities of the Corporation for the financial statements

As explained more fully in the statement of responsibilities of the members of the corporation as set out on pages 27-28, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the corporation are responsible for assessing the group's and parent corporation'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 trustees either intend to liquidate the group or the parent corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The objectives of our audit in respect of fraud are to assess the risk of material misstatement due to fraud, design and implement appropriate responses to those assessed risks and to respond appropriately to instances of fraud or suspected fraud identified during the course of our audit. However, the primary responsibility for the prevention and detection of fraud rests with management and those charged with governance of the group.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent corporation, and the sector in which it operates. We determined that the following laws and regulations were most significant:
    - financial reporting legislation (FEHE SORP 2019, United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, the Colleges accounts direction 2023 to 2024 and the OfS Accounts Direction (October 2019));
    - regulatory environment (including the ESFA funding rules 2023 to 2024 and the OfS; framework and relevant OfS regulatory notices);
    - Further and Higher Education Act 1992; and The Code of Good Governance for English Colleges. The engagement team remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit.

Independent auditor’s report to the Corporation of RNN Group (continued)

- We have assessed the risk of material misstatement of the financial statements, including risk of material misstatement due to fraud and how it might occur by holding discussions with management and those charged with governance;
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations;
- Understanding the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; and
- Discussions amongst the audit engagement team regarding how fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion we identified the following potential areas where fraud may occur:
    - timing of revenue recognition; and
    - management override of controls.

The audit response to risks identified included:

- Evaluating the processes and controls established to address the risks related to irregularities and fraud;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are reasonable and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud;
- Review of any correspondence with principal funders, including the ESFA and the OfS, and considering the outcome of any ongoing assessments;
- Identifying and testing related party transactions; and
- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations above.

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 is available on the Financial Reporting Council’s website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor’s report.

Independent auditor's report to the Corporation of RNN Group (continued)

Use of our report

This report is made solely to the members of the corporation, as a body, in accordance with the terms of our engagement letter. Our audit work has been undertaken so that we might state to the members of the corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation and the members of the corporation as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ryan Falls
95EC2E8228434B2...

For and on behalf of CavanaghKelly, Chartered Accountants and Statutory Auditors

36-38 Northland Row, Dungannon, Co. Tyrone, BT71 6AP

Date: 18th December 2024

RNN Group

Reporting Accountant's Assurance report on Regularity to the Corporation of RNN Group and the Education and Skills Funding Agency ('ESFA')

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by RNN Group during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by ESFA and in any relevant conditions of funding, concerning adult education notified by a relevant funder. This report is made solely to the corporation of RNN Group and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of RNN Group and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of RNN Group and ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of RNN Group and the reporting accountant

The corporation of RNN Group is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by the Code and our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work, which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

Reporting Accountant's Assurance report on Regularity to the Corporation of RNN Group and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA) – continued

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Group's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the Regularity self-assessment questionnaire (RSAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the RSAQ.

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 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and that the financial transactions do not conform to the authorities that govern them.

Use of our report

This report is made solely to the corporation of RNN Group and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of RNN Group and the ESFA those matters we are required to state in a limited assurance 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 RNN Group, as a body, and the ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

DocuSigned by:

Ryan Falls

For and on behalf of CavanaghKelly

Chartered Accountants and Statutory Auditors

36-38 Northland Row, Dungannon, Co. Tyrone, BT71 6AP

Date: 18th December 2024

RNN Group

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	**College £'000**	**Group £'000**	**College £'000**
INCOME					
Funding body grants	2	29,899	29,899	26,130	26,130
Tuition fees and education contracts	3	7,949	6,489	8,404	7,177
Other grants and contracts	4	621	604	830	814
Other income	5	670	1,504	716	1,364
Investment income	6	521	553	4	11
Total income		39,660	39,049	36,084	35,496
EXPENDITURE					
Staff costs	7	24,367	24,367	24,393	24,393
Other operating expenses	8	12,403	12,233	11,701	11,349
Interest and other finance costs	9	275	270	326	320
Depreciation	12	2,559	2,480	2,575	2,496
Total expenditure		39,604	39,350	38,995	38,558
Surplus/(Deficit) before other gains and losses		**56**	**(301)**	**(2,911)**	**(3,062)**
(Loss)/Profit on disposal of assets		(7)	(7)	672	672
Surplus/(Deficit) before tax		**49**	**(308)**	**(2,239)**	**(2,390)**
Taxation	10	-	-	-	-
Surplus/(Deficit) for the year		**49**	**(308)**	**(2,239)**	**(2,390)**
Other comprehensive income					
Adjustments in respect of pensions schemes	18	(645)	(645)	3,516	3,516
Total Comprehensive (Expenditure)/ Income		**(596)**	**(953)**	**1,277**	**1,126**
Represented by:					
Restricted comprehensive income		-	-	898	898
Unrestricted comprehensive (expenditure)/income		(596)	(953)	379	228
		(596)	**(953)**	**1,277**	**1,126**

All items of income and expenditure relate to continuing activities.

RNN Group

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Restricted reserves	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2022	22,812	5,303	-	28,115
Deficit from I&E account	(3,137)	-	898	(2,239)
Other comprehensive income	3,516	-	-	3,516
Transfers between reserves	706	(401)	(305)	-
Balance at 31 July 2023	**23,897**	**4,902**	**593**	**29,392**
Surplus from the income and expenditure	49	-	-	49
Other comprehensive expenditure	(645)	-	-	(645)
Transfers between reserves	750	(157)	(593)	-
Total comprehensive income/(expenditure)	154	(157)	(593)	(596)
Balance at 31 July 2024	**24,051**	**4,745**	**-**	**28,796**
College				
Balance at 1 August 2022	22,906	5,303	-	28,209
Deficit from the income and expenditure account	(3,288)	-	898	(2,390)
Other comprehensive income	3,516	-	-	3,516
Transfers between reserves	706	(401)	(305)	-
Balance at 31 July 2023	**23,840**	**4,902**	**593**	**29,335**
(Deficit) from the income and expenditure	(308)	-	-	(308)
Other comprehensive expenditure	(645)	-	-	(645)
Transfers between reserves	750	(157)	(593)	-
Total comprehensive income/(expenditure)	(203)	(157)	(593)	(953)
Balance at 31 July 2024	**23,637**	**4,745**	**-**	**28,382**

RNN Group

Balance sheets as at 31 July 2024

	Notes	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Non-current assets					
Investments	11	-	-	-	-
Tangible fixed assets	12	49,694	48,825	42,708	41,801
Intangible assets	13	14	-	-	-
		49,708	**48,825**	**42,708**	**41,801**
Current assets					
Stocks		39	39	29	29
Trade and other receivables: due after more than one year	14	-	651	-	723
Trade and other receivables: due within one year	14	5,288	5,370	3,062	3,090
Cash and cash equivalents	19	9,544	8,675	5,048	4,338
		14,871	**14,735**	**8,139**	**8,180**
Creditors – amounts falling due within one year	15	(13,630)	(13,349)	(6,466)	(5,895)
Net current assets		**1,241**	**1,386**	**1,673**	**2,285**
Total assets less current liabilities		**50,949**	**50,211**	**44,381**	**44,086**
Creditors – amounts falling due after more than one year	16	(19,865)	(19,541)	(12,719)	(12,481)
Provisions					
Defined benefit obligations	18	-	-	-	-
Other provisions	18	(2,288)	(2,288)	(2,270)	(2,270)
Total net assets		**28,796**	**28,382**	**29,392**	**29,335**
Restricted reserves		-	-	593	593
Unrestricted reserves					
Income and expenditure account		24,051	23,637	23,897	23,840
Revaluation reserve		4,745	4,745	4,902	4,902
Total reserves		**28,796**	**28,382**	**29,392**	**29,335**

The financial statements on pages 36 to 70 were approved and authorised for issue by the corporation on 11 December 2024 and were signed on its behalf on that date by:

Signed by:
2E85C8556834464...
Janet Pryke
Chair of the Corporation

DocuSigned by:
Jason Austin
670A1B7137D0424...
Jason Austin
Accounting Officer/Principal

RNN Group

Consolidated Statement of Cash Flows

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		49	(2,239)
Adjustment for non-cash items			
Depreciation		2,559	2,575
Increase in stocks		(10)	(3)
Increase in debtors		(2,226)	(929)
Increase/(Decrease) in creditors due within one year		8,027	(1,847)
Increase creditors due after one year		203	-
Decrease in provisions		(236)	(361)
Pensions costs less contributions payable		(9)	481
Release of deferred capital grants		(682)	(397)
Adjustment for investing or financing activities			
Interest payable		275	326
Loss/(Gain) on sale of fixed assets		7	(672)
Investment income		(27)	(4)
Net return on pension scheme		(494)	-
Net cash flow from operating activities		7,436	(3,070)
Cash flows from investing activities			
Proceeds from sale of fixed assets		4	1,144
Investment income		27	4
Capital grants received		7,162	3,838
Payments made to acquire fixed assets		(9,570)	(1,233)
		(2,377)	3,753
Cash flows from financing activities			
Interest paid		(163)	(136)
Repayments of amounts borrowed		(400)	(400)
Capital element of finance lease rental payments		-	(72)
		(563)	(608)
Increase in cash and cash equivalents in the year		**4,496**	**75**
Cash and cash equivalents at beginning of the year	19	5,048	4,973
Cash and cash equivalents at end of the year	19	9,544	5,048

RNN Group

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2023/24 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the college and its subsidiaries, National Fluid Power Centre Ltd and Rotherham Education Services Limited, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

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

Transfers between reserves

The transfers between reserves relate to releases from the revaluation reserve in line with depreciation of the relevant assets along with movement in restricted funds during the year.

Going concern

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

The Group has been working closely with the FE Commissioner since July 2019 and has taken decisive action to improve financial health, governance and curriculum quality. During the year the group engaged with the FE Commissioners Curriculum Efficiency and Financial Sustainability (CEFS) programme. This worked alongside implementing the new budget setting strategy for financial years 2023/24 to 2028/29 with clear expectations for the executive team to improve the financial health and control cost in line with sector benchmarking information on staffing and non-staffing costs. Included in that Strategy are some key performance indicators designed to improve to Group's financial position; a summary of these are given below.

Measure	KPI	Draft Budget
Financial Health	Good or Better	Good
Staffing	≤ 66% of income	67.3%
EBITDA%	> 5% of income	4.9%
EBITDA	> Depreciation	Not met
Borrowing	< 10% of income	4.7%
Cash Days	≥ 30	34
Curriculum Contribution	≥ 45%	49%
Average Class Size	> 16	16

The Board and Executive/SLT team have to ensure that the financial stability of the Group is maintained and strengthened through a number of changes and mitigations during each year. This includes responding to reduced learner recruitment in HE by reviewing its staffing vacancies and on-going staffing requirements and well as reviewing the resources required to maintain a high-quality learning environment. The year-end accounts show the Group's financial health score of 'Requires Improvement'.

Pay continues to be an important factor in the success of the group in attracting and retaining key lecturing and teaching staff but also in rationalising staffing structures to reduce costs to be more in line with sector averages of 65% of income spent of staffing. Current forecasts for the 2024/25 year are close to 67% and senior leaders are constantly review staffing and resourcing requirements.

The summary financial health table is shown below:

	Budget 23/24	**Actual 23/24**	**Forecast 24/25**	**Forecast 25/26**
Adjusted current ratio	0.81	0.85	1.32	1.71
EBITDA as a % of income - education specific	6.26%	4.79%	4.88%	5.01%
Borrowing as a % of adjusted income	6.35%	6.15%	4.71%	3.92%
Calculated Grades				
Adjusted current ratio points	40	40	60	80
EBITDA as a % of income - education specific points	60	40	40	50
Borrowing as a % of income points	90	90	90	90
Total Points	190	170	190	220
Annual Health Grade	Good	Requires Improvement	Good	Good

As in previous forecasts, Income growth included within the plan was prudent and our overall position following a full review with budget holders in early 2024/25 is showing another positive year with an overall increase in income. As mentioned above the senior leaders are reviewing staffing and non-staffing costs to ensure we deliver the right resources within the original forecasts. The Group remains at Requires Improvement financial health in 2023/24. Cashflow will see an improvement during the year as the EBIDTA is forecast to increase significantly in this reporting financial year. Borrowings remain low and it's EBITDA remains positive and overall there should be a return to an operating surplus.

The immediate risks to achieving the current forecast and therefore the financial health and cashflow, are:

- The ability to deliver the ASF allocations within the year.
- Apprenticeships enrolments in year.
- HE enrolments in 2024/25 and the future of HE within the Group.

The cash flow forecast shows a low point of £3.5m in March 2025. The forecasts, under the budget setting strategy, demonstrate that the Group has sufficient cash resources to meet its liabilities and cover its new covenant compliance requirements with adequate headroom in cash resources to mitigate the risks considered above. The model automatically provides KPIs for expenditure when assessing sensitivities applied in the going concern assessment to include reductions in revenue from ASF/AEB and apprenticeships.

The Group has net current assets of £1.2m at 31 July 2024 (net current assets of £1.7m at 31 July 2023) and net assets of £28.8m (2023: net assets of £29.4m).

The financial plans for the years 2024/25 and 2025/26 show the Group moving forward with increasing financial strength, particularly with regard to cash balances and borrowings.

Recognition of income

Revenue grant funding

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

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

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

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 Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

South Yorkshire Pensions Authority Local Government Pension Scheme (LGPS)

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

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

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

Where the Corporation does not have an unconditional right to benefit from any surplus, that surplus is not recognised 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 Group. Any unused benefits are accrued and measured as the additional amount the Group expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the Group's 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

Land and buildings inherited from the Local Education Authority are stated in the Balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily available. Land and buildings acquired since incorporation are included in the Balance sheet at cost.

Freehold buildings are depreciated over their expected useful economic life of up to 60 years. The Group has a policy of depreciating major adaptations to buildings over the remaining period of their useful economic life of the respective building.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are recognised over the useful life of the asset.

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

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.

Equipment

Equipment is capitalised under the following circumstances:

- All IT equipment;
- Non-IT equipment where the individual item is £1,000 or more including VAT;
- A number of smaller items which form part of an overall project which is considered to add significant value. These items would be grouped together as a single asset.

All other equipment is recognised as expenditure in the period of acquisition.

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

• Motor vehicles	6 years
• Computer equipment	3 and 6 years
• General equipment	8 and 15 years
• Education, office and catering equipment	3 years
• Furniture	10 years
• Fixtures and fittings	10 years

Depreciation will not apply in the month of acquisition. 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.

Assets held for sale

Assets held for sale are reviewed to identify whether any impairment is required based on an assessment of carrying value against potential sale value.

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 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the Group 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 and deposits repayable on demand. 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 assets, liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

The Group is partially exempt in respect of Value Added Tax, so that it can only recover around 5% 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 Group's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements in applying accounting policies

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

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets, 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 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- Uncertainty in valuation of property assets held by pension scheme. Within the South Yorkshire Pension Fund details for which are set out in note 23, the valuers have reported the property fund's valuation as subject to 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of property funds than would normally be the case. The Group has concluded that, on the basis that the value of pension assets held in property at 31 July 2024 is not material in the context of overall pension assets and after considering that pension assets, including property, are invested for long-term gains, the uncertainty reported by property valuers does not have a material impact on these financial statements.

2 Funding body grants

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Recurrent grants				
ESFA – 16-18	21,047	21,047	17,959	17,959
ESFA – adult education budget	1,935	1,935	2,048	2,048
ESFA – adult education budget bursary	125	125	106	106
SYMCA – adult education budget	4,589	4,589	4,114	4,114
SYMCA – adult education budget bursary	574	574	713	713
Office for students	244	244	256	256
Specific grants				
ESFA - Teacher Pension Scheme contribution grant	718	718	568	568
ESFA – Prior year	199	199	(249)	(249)
ESFA – Skills Accelerator Development Fund	-	-	75	75
Other funding body grants	136	136	216	216
Releases of government capital	332	332	324	324
Total	**29,899**	**29,899**	**26,130**	**26,130**

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Income relating to Office for Students				
Grant income from Office for Students	244	244	256	256
Fee income for taught awards	1,521	1,521	2,162	2,162
	1,765	**1,765**	**2,418**	**2,418**

3 Tuition fees and education contracts

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Adult education fees	29	29	211	211
Apprenticeship contracts	2,771	2,771	2,635	2,635
Fees for FE loan supported courses	792	792	827	827
Fees for HE loan supported courses	1,521	1,521	2,162	2,162
Other fees	1,986	526	1,677	450
Total tuition fees	**7,099**	**5,639**	**7,512**	**6,285**
Education contracts	850	850	892	892
Total	**7,949**	**6,489**	**8,404**	**7,177**

4 Other grants and contracts

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other grant income	340	340	757	757
Turing project	116	116	-	-
Non-government capital grants	165	148	73	57
Total	**621**	**604**	**830**	**814**

5 Other income

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other income generating activities	572	572	499	499
Miscellaneous income	98	98	217	213
Intercompany income	-	834	-	652
Total	**670**	**1,504**	**716**	**1,364**

6 Investment income

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Other interest receivable	27	15	4	-
Intercompany interest	-	44	-	11
Net return on pension scheme	494	494	-	-
Total	**521**	**553**	**4**	**11**

7 Staff costs – Group and College

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

	2024 No.	2023 No.
Teaching staff	198	206
Non-teaching staff	467	487
	665	**693**

The average number of persons (including key management personnel) employed by the Group during the year, expressed as full-time equivalents, was:

	2024 No.	2023 No.
Teaching staff	176	179
Non-teaching staff	363	375
	539	**554**

Staff costs for the group and college were as follows:

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Wages and salaries	16,673	16,673	16,818	16,818
Social security costs	1,559	1,559	1,801	1,801
Other pension costs	3,299	3,299	2,696	2,696
Defined benefit charge to income statement less cash contributions	(9)	(9)	481	481
Payroll sub total	**21,522**	**21,522**	**21,796**	**21,796**
Contracted out staffing services	2,794	2,794	2,381	2,381
	24,316	24,316	24,177	24,177
Restructuring costs	51	51	216	216
Total Staff costs	**24,367**	**24,367**	**24,393**	**24,393**

7 Staff costs – Group and College (continued)

The corporation has salary sacrifice arrangements in place.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Key management personnel as listed on page 1.

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

	2024 No.	2023 No.
The number of key management personnel including the Accounting Officer was:	14	18

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

	Key management personnel		Other staff	
	2024 No.	**2023 No.**	**2024 No.**	**2023 No.**
£5,001 to £10,000 p.a.	-	1	-	1
£10,001 to £15,000 p.a.	-	-	-	-
£20,001 to £25,000 p.a.	-	-	-	-
£25,001 to £30,000 p.a.	-	-	-	-
£40,001 to £45,000 p.a.	-	-	-	1
£45,001 to £50,000 p.a.	-	-	-	1
£50,001 to £55,000 p.a.	-	-	-	2
£55,001 to £60,000 p.a.	-	-	3	4
£60,001 to £65,000 p.a.	-	1	4	1
£65,001 to £70,000 p.a.	-	-	2	2
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	2	1	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£95,001 to £100,000 p.a.	-	2	-	-
£100,001 to £105,000 p.a.	2	-	-	-
£140,001 to £145,000 p.a.	-	1	-	-
£150,001 to £155,000 p.a.	1	-	-	-
	5	**6**	**9**	**12**

7 Staff costs – Group and College (continued)

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic salary	1,077	1,119
Employer's national insurance	130	137
Pension contributions	230	198
Total key management personnel compensation	**1,437**	**1,454**

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 £'000	2023 £'000
Basic salary	151	144
Pension contributions	38	34
	189	**178**

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

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

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. During the year, there were no severance payments or compensation for loss of office.

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

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

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

	2024 £'000	2023 £'000
Principal and CEO's basic salary as a multiple of the median of all staff	**5.9**	5.9
Principal and CEO's total remuneration as a multiple of the median of all staff	**6.3**	6.2

8 Other operating expenses

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Teaching costs	5,890	5,741	5,059	4,895
Non-teaching costs	3,678	3,746	3,739	3,922
Premises costs	2,835	2,746	2,903	2,532
Total	**12,403**	**12,233**	**11,701**	**11,349**

Other operating expenses include:	**2024 £'000**	**2023 £'000**
Auditors' remuneration:		
Financial statements audit*	52	51
Other services provided by the financial statement auditor:		
- Corporation tax return	4	4
- TPS audit	3	3
Internal audit fees**	23	30
Services provided by other auditors	10	2
Hire of assets under operating leases	222	222

* includes £43k in respect of the College (2023: £42k)
** includes £23k in respect of the College (2023: £30k)

8a Access and participation expenditure

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
Access investment	278	278	271	271
Financial support to students	32	32	24	24
Disability support	37	37	40	40
Research and evaluation	12	12	14	14
Total	**359**	**359**	**349**	**349**

£327k (2023: £325k) of these costs are already included in the overall staff costs figure in note 7. The Group's published access and participation plan can be found on the RNN Group website.

9 Interest and other finance costs

	2024 Group £'000	2024 College £'000	2023 Group £'000	2023 College £'000
On bank loans, overdrafts and other loans	163	158	136	130
Pension finance costs (note 18)	112	112	190	190
Total	**275**	**270**	**326**	**320**

10 Taxation – Group only

Whilst the Group's activities in the year are exempt from Corporation tax, the subsidiaries have incurred a tax (credit)/charge which is shown within the Consolidated Income and Expenditure account.

The tax (credit)/charge represents:	2024 £'000	2023 £'000
Deficit on ordinary activities before tax	**49**	**(2,239)**
United Kingdom corporation tax at 25 per cent (2023: 21 per cent)	10	(470)
Effect of:		
Non-relevant depreciation	7	3
Adjustment in respect of prior year	19	-
Amounts in College not deductible	82	509
Brought forward losses utilised	(94)	2
Deferred tax not recognised	(24)	(44)
Total tax charge/(income) for the year	-	-

11 Investments

The College:	**Shares in subsidiary undertakings £'000**
Cost	
At 1 August 2023 and 31 July 2024	-
Provisions	
At 1 August 2023 and 31 July 2024	-
Net book value at 1 August 2023 and 31 July 2024	**-**

At 31 July 2024, the group held 20% or more of the allotted share capital of the following:

Subsidiary undertakings	**Country of incorporation**	**Class of share held**	**Proportion held**	**Nature of business**
National Fluid Power Centre Ltd	England and Wales	N/A	N/A	Provider of education and training.
Rotherham Education Services Limited	England and Wales	Ordinary	100%	Provider of agency staff to the Group.

National Fluid Power Centre Ltd (previously North Notts Create Limited), a company limited by guarantee and without any share capital, is treated as a subsidiary as it is indirectly controlled by the Corporation and its activities are conducted for the benefit of the Group.

12 Tangible fixed assets (Group)

	Freehold Land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2023	**58,683**	**24,191**	**237**	**83,111**
Transfers	-	-	-	-
Additions	342	2,005	7,209	9,556
Disposals	-	(363)	-	(363)
At 31 July 2024	**59,025**	**25,833**	**7,446**	**92,304**
Depreciation				
At 1 August 2023	**19,567**	**20,836**	**-**	**40,403**
Charge for the year	1,566	993	-	2,559
Disposals	-	(352)	-	(352)
At 31 July 2024	**21,133**	**21,477**	**-**	**42,610**
Net book value at 31 July 2024	**37,892**	**4,356**	**7,446**	**49,694**
Net book value at 31 July 2023	**39,116**	**3,355**	**237**	**42,708**

12 Tangible fixed assets (College)

	Freehold Land and buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2023	57,289	23,307	237	80,833
Transfers	-	-	-	-
Additions	342	1,965	7,209	9,516
Disposals	-	(363)	-	(363)
At 31 July 2024	**57,631**	**24,909**	**7,446**	**89,986**
Depreciation				
At 1 August 2023	18,916	20,116	-	39,032
Charge for the year	1,539	941	-	2,480
Disposals	-	(351)	-	(351)
At 31 July 2024	**20,455**	**20,706**	**-**	**41,161**
Net book value at 31 July 2024	**37,176**	**4,203**	**7,446**	**48,825**
Net book value at 31 July 2023	**38,373**	**3,191**	**237**	**41,801**

Land and buildings with a net book value of £6.5m (2023: £6.8m) have been partly financed from exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the Group may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

Tangible fixed assets inherited from the Local Education Authority on incorporation have been valued by the Corporation on a depreciated replacement costs basis, with the assistance of independent professional advice. As set out in the policy note, the Group carries inherited assets at an inherited valuation. The assets were valued at £4,246,000 on incorporation.

Assets held for sale at the year-end had a NBV of £939k (2023: £949K). An impairment review was carried out on the carrying value of these assets and it was determined that no adjustment was required as the valuation/sale price expected is higher than NBV in all cases.

13 Intangible assets (Group)

	Negative Goodwill	Other Intangibles	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2023	(1,751)	-	(1,751)
Additions	-	14	14
Disposals	-		-
At 31 July 2024	**(1,751)**	**14**	**(1,737)**
Amortisation			
At 1 August 2023	(1,751)	-	(1,751)
Disposals	-	-	-
At 31 July 2024	**(1,751)**	**-**	**(1,751)**
Net book value at 31 July 2024	**-**	**14**	**14**
Net book value at 31 July 2023	-	-	-

The negative goodwill relates to the acquisition of Dearne Valley College on the 1 February 2017. RNN group was not required to pay any consideration for the acquisition and therefore consider the nature of the acquisition to be a gift.

14 Trade and other receivables

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Amounts falling due within one year:				
Trade receivables	945	797	835	641
Amounts owed by group undertakings	-	237	-	223
Other debtors	3,162	3,160	787	789
Amounts owed by the ESFA	460	460	948	948
Prepayments and accrued income	721	716	492	489
Deferred tax provision	-	-	-	-
	5,288	**5,370**	**3,062**	**3,090**
Amounts falling due in more than one year:				
Amounts owed by group undertakings	**-**	**651**	**-**	**723**
Total	**5,288**	**6,021**	**3,062**	**3,813**

The amounts owed to group undertakings falling due within one year are unsecured, interest free and repayable on demand. The amounts due in more than one year are unsecured under an interest-bearing arrangement and repayable by 31 July 2044.

15 Creditors: amounts falling due within one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Bank loans and overdrafts	2,270	2,170	400	300
Trade payables	2,568	2,512	452	422
Amounts owed to group undertakings		198	-	266
Other taxation and social security	425	347	417	333
Accruals and deferred income	6,933	6,705	3,654	3,099
Deferred income - government capital grants	594	577	427	411
Amounts owed to the ESFA	587	587	855	855
Other creditors	253	253	261	209
Total	**13,630**	**13,349**	**6,466**	**5,895**

The amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Included within accruals and deferred income is £776,000 relating to a holiday pay accrual (2023: £787,000).

16 Creditors: amounts falling due after more than one year

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
Trade creditors	203	-	-	-
Bank loans and overdrafts	108	-	2,378	2,170
Deferred income - government capital grants	19,554	19,541	10,341	10,311
Total	**19,865**	**19,541**	**12,719**	**12,481**

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2024 £'000	College 2024 £'000	Group 2023 £'000	College 2023 £'000
In one year or less	2,270	2,170	400	300
Between one and two years	100	-	2,270	2,170
Between two and five years	8	-	108	-
Total	**2,378**	**2,170**	**2,778**	**2,470**

In December 2019, the Group agreed a renewed debt facility with Lloyds Bank. The loan facility is up to £3.9m, and is secured on the freehold land and buildings of the Dinnington Campus and the UCR Building at the Rotherham Campus. The facility is repayable in instalments up until January 2025 with interest rates currently at 6.74%. This loan facility was used to pay down and consolidate the previous loans held by the Group including Dearne Valley College loans. Contracts are currently with the ESFA and RNN Group legal teams to refinance the loan through the ESFA.

In August 2020, NFPC also drew down a Coronavirus Business Interruption Scheme loan of £500k from the NatWest bank. This was to support the working capital of the company until the business had recovered from the effects of lockdown in 2020. Repayments for the loan are monthly over 5 years and commenced in September 2021 with interest rates set at 1.88%. The loan will help to ensure that the Group are not using Public funds to support the business. It is secured on the property owned by NFPC Ltd in Worksop, Nottinghamshire.

18 Provisions

	Group and College			
	Defined benefit obligations	**Enhanced pensions**	**Other provisions**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 August 2023	**-**	**2,233**	**37**	**2,270**
Expenditure in the period	(1,753)	(236)	-	**(1,989)**
Income and expenditure account	1,744	-	-	**1,744**
Interest	(494)	112	-	**(382)**
Actuarial (gains)/losses	(3,547)	142	-	**(3,405)**
Provision against net pension asset	4,050	-	-	**4,050**
At 31 July 2024	**-**	**2,251**	**37**	**2,288**

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

Enhanced Pensions relate to ongoing liabilities for early retirements in the 1990s. The principal assumptions for this calculation are:

	2024	**2023**
Price inflation	2.8%	2.8%
Discount rate	4.8%	5.0%

Other provisions of £37k (2023: £37k) relate to a liability for European funds and grants that may have to be repaid.

19 Cash and cash equivalents

Group	At 1 August 2023	Cash flows	Other changes	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	**5,048**	**4,496**	**-**	**9,544**

College	At 1 August 2023	Cash flows	Other changes	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	**4,338**	**4,337**	**-**	**8,675**

Cash and cash equivalents include £4.4m (2023: £3.3m) in respect of capital grants received during the year but not yet spend and therefore deferred (note 16).

19a Analysis of changes in net debt

Group	At 1 August 2023	Cash flows	New finance leases	At 31 July 2024
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,048	4,496	-	9,544
Loans falling due within one year	(400)	(1,870)	-	(2,270)
Loans falling due after one year	(2,378)	2,270	-	(108)
	2,270	**4,896**	**-**	**7,166**

20 Capital and other commitments

	Group and College	
	2024	2023
	£'000	£'000
Commitments contracted for at 31 July	7,029	30

The above capital commitments include £6,491k (2023: £nil) which is grant funded.

21 Lease obligations

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

	2024	2023
	£'000	**£'000**
Future minimum lease payments due		
Land and buildings		
Not later than one year	39	129
Later than one year and not later than five years	3	42
Later than five years	-	-
	42	171
Other		
Not later than one year	60	93
Later than one year and not later than five years	147	78
Later than five years	182	87
	389	258
Total lease payments due	**431**	**429**

22 Contingencies

The Group had no contingent liabilities as at 31 July 2024 (2023: £nil).

The Group has received grant income over many years. The funding bodies have claw back arrangements in place for many of the grants and the Group may have to pay monies back in the event of an unsatisfactory audit.

23 Defined benefit obligations

The Group'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 South Yorkshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

23 Defined benefit obligations (continued)

Total pension cost for the year		2024		2023
		£000		£000
Teachers' Pension Scheme: contributions paid		1,559		1,492
Local Government Pension Scheme:				
Current service charge	1,762		1,941	
Curtailments/settlements	-		-	
Administration expenses	-		-	
Subsidiary pension schemes	16		13	
Unfunded benefits paid	(18)		(16)	
Charge to the Statement of Comprehensive Income	1,760		1,938	
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**3,319**		**3,430**

Teachers' Pension Scheme

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

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

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

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

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.

23 Defined benefit obligations (continued)

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

As a result of the valuation, new employer contribution rates will rise to 28.68% from April 2024 (compared to 23.68% during 2018/19).

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 £1.6m (2023: £1.5m)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by South Yorkshire Pensions Authority. The total contributions made for the year ended 31 July 2024 were £2.3m, of which employer's contributions totalled £1.8m and employees' contributions totalled £576k. The agreed contribution rates for future years for the Group are 19.7% up to 31 March 2025 and 19.9% up to 31 March 2026. The rates 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 2023 updated to 31 July 2024 by Hymans Robertson LLP.

	At 31 July 2024	**At 31 July 2023**
Rate of increase in salaries	3.35%	3.60%
Future pensions increases	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI)	3.00%	3.00%

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

	At 31 July 2024 Years	**At 31 July 2023** Years
Retiring today		
Males	20.5	20.6
Females	23.6	23.6
Retiring in 20 years		
Males	21.3	21.4
Females	25.0	25.0

23 Defined benefit obligations (continued)

The Group'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 2024	Fair Value at 31 July 2024 £'000	Long- term rate of return expected at 31 July 2023	Fair Value at 31 July 2023 £'000
Equity instruments	67%	59,344	69%	56,282
Debt instruments	21%	18,601	22%	17,945
Property	10%	8,858	8%	6,525
Cash	2%	1,772	1%	816
Other	-	0	-	-
Total fair value of plan assets		**88,575**		**81,568**

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

	2024 £'000	2023 £'000
Fair value of plan assets	88,575	81,568
Present value of plan liabilities	(75,747)	(84,304)
Provision against net pension asset	(13,828)	(9,778)
Net pensions liability (note 18)	**-**	**-**

The actuarial report of the defined benefit obligation reported a surplus of £13.8m at 31 July 2024 (31 July 2023 – surplus of £9.8m). However, no surplus has been recognised in these financial statements at the reporting date. RNN Group have not recognised such surplus as the members believe that the Corporation cannot recover the surplus either through reduced contributions in the future or through refunds from the plan. Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of a college corporation closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 13 November 2024.

23 Defined benefit obligations (continued)

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

	2024	2023
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,762	1,941
Past service cost	-	-
Curtailments	-	-
Administration expenses	-	-
Total	**1,762**	**1,941**
Amounts included in investment income		
Net interest income	(494)	103
	(494)	**103**
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	2,861	(4,234)
Changes in assumptions underlying the present value of plan liabilities	686	17,293
Amount recognised in Other Comprehensive income	**3,547**	**13,059**

Movement in net defined benefit (liability) during year

		2024	2023
		£'000	£'000
Net defined benefit liability in scheme at 1 August		-	(2,697)
Movement in year:			
	Current service cost	(1,762)	(1,941)
	Employer contributions	1,771	1,460
	Past service cost	-	-
	Curtailments	-	-
	Net interest on the defined liability	494	(103)
	Administration expenses	-	-
	Actuarial gain	3,547	13,059
	Provision against net pension asset	(4,050)	(9,778)
Net defined benefit liability at 31 July		-	**-**

23 Defined benefit obligations (continued)

Asset and Liability Reconciliation	**2024**	**2023**
	£'000	**£'000**
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	71,790	84,304
Current service cost	1,762	1,941
Interest cost	3,626	2,955
Contributions by Scheme participants	576	524
Changes in financial assumptions	(686)	(15,844)
Estimated benefits paid	(2,321)	(2,090)
Past Service cost	-	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**74,747**	**71,790**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	81,568	81,607
Interest on plan assets	4,120	2,852
Return on plan assets	2,861	(2,785)
Employer contributions	1,753	1,444
Contributions by Scheme participants	576	524
Estimated benefits paid	(2,303)	(2,074)
Administration expenses	-	-
Fair value of plan assets at end of period	**88,575**	**81,568**

These accounts show a past service cost of £nil in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs, £nil, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long-term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £87; 1 governor (2023: £218; 1 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the Group or its subsidiaries during the year (2023: None).

National Fluid Power Centre Limited

National Fluid Power Centre Limited is a trading subsidiary of RNN Group and is a provider of training for Integrated Systems Engineering. During the year, £800k (2023: £538k) was recharged from RNN Group to National Fluid Power Centre Limited for staff salaries, rates and loan interest charges. At the year end, the balance outstanding was £64k (2023: £52k).

Rotherham Education Services Limited

Rotherham Education Services Limited is a trading subsidiary of RNN Group and is a provider of agency workers to the Group. During the year, £1,632k (2023: £1,550k) was recharged from RES to RNN Group for agency worker costs. At the year end, the balance outstanding was £10k (2023: £14k).

25 Amounts disbursed as agent - Learner support funds

	2024	**2023**
	£000	**£000**
16-18 bursary grants	1,139	600
Other Funding body grants	558	582
Interest earned	-	-
	1,697	1,182
Disbursed to students	(1,379)	(1,045)
Administration costs	(98)	(89)
Balance unspent as at 31 July, included in creditors/(debtors)	220	48

Funding body grants are available solely for students. In the majority of instances, the Group only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

Prior year funds carried forward are not included in the above note.

26 Events after the reporting period

On 4th December 2024 the ESFA issued notification of a R14 reconciliation whereby growth funded numbers are reconciled back to the R04 data. This reconciliation indicates the equivalent of 15 funded places had withdrawn during the year. This equated to £98,000 to be clawed by the ESFA in January 2025. This is below the audit materiality to alter the accounts however, the impact of the reduced income resulted in our EBITDA % dropping from 5.24% to 4.8% and moved the Group from Good financial health into Requires Improvement.