# NORTH WARWICKSHIRE AND SOUTH LEICESTERSHIRE COLLEGE

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## YEAR ENDING 31ST JULY 2024

**Contents** **Page**

**Reference and administrative details** **3**

**Strategic Report** **4**

**Statement of Corporate Governance and Internal Control** **18**

**Statement of Regularity, Propriety and Compliance** **28**

**Statement of the Responsibilities of the Members of the Corporation** **29**

**Independent Auditor's Report on the Financial Statements** **30**

**Independent Reporting Accountant's Report on Regularity** **33**

**Consolidated Statement of Comprehensive Income and Expenditure** **35**

**Consolidated Statement of Changes in Reserves** **36**

**Balance Sheets** **37**

**Consolidated Statement Cash Flows** **38**

**Notes to the Financial Statements** **39**

## Reference and Administrative Details

### Corporation Members

S Barnett (appointed 28.5.24)

C Benham (appointed 28.5.24)

M Deakin

S Dover

J Essex (appointed 8.5.24)

H Holley

C Humphrey (resigned 24.1.24)

M Kavanagh (appointed 28.5.24)

M Ketley (appointed 2.7.24)

S Kirby (resigned 19.1.24)

R Linforth

A Majithia

J Marwaha (appointed 28.5.24)

S Maxey

M Plant

N Prosser (appointed 2.7.24)

C Read

K Perberty (resigned 31.7.23)

L Robinson

R Sherrard (resigned 6.2.24)

N Simkins (Audit Committee co-optee)

T Simkins (resigned 5.7.24)

J Stanley

R Suart

A Turner

| | |
|---|---|
| **Clerk to the Corporation** | Rachel Marshall |

### Senior management team

| | |
|---|---|
| Marion Plant | Principal and Chief Executive Officer |
| Tom Hamilton-Dick | Deputy Principal Curriculum & Innovation |
| David Poole | Chief Operating Officer/Deputy Chief Executive Officer |
| **Principal and Registered Office** | NWSLC, Hinckley Road, Nuneaton, Warwickshire, CV11 6BH |

### Professional Advisers

| | |
|---|---|
| External Auditors: | MHA, 6th Floor, 2 London Wall Place, London |
| Internal auditors: | RSM UK LLP, The Pinnacle, 170 Midsummer Blvd, Milton Keynes |
| Bankers: | Lloyds TSB Bank Plc, 17-23 Coventry Street, Nuneaton<br>National Westminster Bank/RBS, 7 Hinckley Road, Leicester |
| Legal advisors: | Shakespeare Martineau LLP, No 1 Colmore Square, Birmingham |

# Strategic report

## OBJECTIVE AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for North Warwickshire and South Leicestershire College for the year ended 31st July 2024.

### Legal status

Following the merger on 1st August 2016 between North Warwickshire and Hinckley College and South Leicestershire College, The Corporation was established for the purpose of conducting North Warwickshire and South Leicestershire College. The Secretary of State for Business, Innovation and Skills approved the merger effective from 1st August 2016.

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

### Mission

Our College Strategic Plan confirms a mission to create success through learning, through the following values:

- Nurturing
- Work ready
- Sustainable
- Leading
- Collaborative

The Corporation monitors the performance of the College against the strategic plan throughout the year and the plan itself is reviewed each year.

### Public Benefit

North Warwickshire and South Leicestershire College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18 to 19.

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

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

- High Quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Strong links with employers, industry and commerce

The College provides identifiable public benefits through the advancement of education to thousands of students across varying cohorts each year. These include students with high needs, those that are unemployed and adults taking English and maths courses. The College adjusts to meet the needs of local employers and provides training to apprentices. The College is committed to providing information, advice and guidance to its students as they enrol in order to find suitable courses for as many students as possible regardless of their educational background.

**Financial Objectives & Achievements**

The College's key financial objectives and outcomes relating to them for the year 2023-24 were:

- **Achieve an operating surplus (pre Local Government Pension transactions) of £465,000.** The actual operating position is a surplus of £208,000. The Local Government Pension transaction charges totalled £1,267,000. Extra spend on student support which is not included in the College operating surplus but is shown on the statutory accounts was £65,000. The total comprehensive income for the year shown on the financial statements is £143,000 which already excludes the pension adjustment. When the £65,000 is added back this reconciles to the £208,000.

- **To comply with its bank covenants**. The College has three bank covenants that were applicable as at 31st July. All were compliant albeit the third covenant isn't officially measured until the financial statements are signed off. Based on the data in the financial statements The College believes it will be compliant.

- **To achieve 'requires improvement' financial health**. The College's grading is "good" based on the latest three year plan submitted to the ESFA. This is yet to be externally verified.

**FINANCIAL POSITION**

In 2023-24 the College was operating against a backdrop of ongoing high core inflation and with energy prices still not at pre 2022-23 levels. That context is worth setting out in terms of the financial results achieved.

The College generated an operating surplus before taking into account The Local Government Pension transactions, staff restructuring costs and student support extra costs of £1,410,000 (2022-23: deficit of (£534,000), with total comprehensive income of £143,000 (2022-23: (£319,000)) and an operating surplus of £208,000. The Local Government Pension transactions are non-cash adjustments posted to the accounts. The entries are based on an independent actuarial review.

The College's overall reported trading position is a surplus of £1,410,000. However, the following items should be excluded;

- The Local Government Pension adjustment – £1,267,000 benefit.
- Extra student support (bursary) costs - £65,000 cost.

Taking these items into account the College's underlying trading position was a surplus of £208,000.

In 2021-22 The College saw a material swing in respect of the liability it carries for the two LGPS pension schemes which it has members in. Based on independent actuarial assessments the previous deficit was eliminated and a net asset position was reported. This trend has carried on through 2022-23 and now for 2023-24. The College has no way of recovering the asset nor is the College expecting a reduction in future contributions to the scheme. As such it has consistently de-recognised the asset and has reported a breakeven position. As with the prior year, the amount carried in the financial statements will be zero in 2023-24. As is usual the College has to make several entries in its financial statements which, although non-cash items, are significant from a presentational point of view.

The main reason for the ongoing increase in assets is shown below and is an extract from the covering report from the actuary.

*In the period to the Accounting Date, individual LGPS Fund investment performance % returns have typically being higher than assumed (compared to last year's accounting discount rate assumption). A higher than assumed investment return will lead to a positive 'Return on assets excluding amounts included in net interest' figure in the Results Schedule. Note, this will vary between LGPS funds and even within LGPS funds where employers are invested in different investment strategies.*

During the year the College purchased £8,372,000 of tangible fixed assets (£1,026,000 in 2022-23). The amount is materially higher than in previous years as the College has been awarded funding for several capital projects, received monies from the FE transformation fund and is also progressing with significant capital development as part of the partial disposal of its Nuneaton campus.

**Reserves**

As at 31st July 2024, the College held a general reserve of £20,603,000 (£20,460,000 in 2022-23) which includes a pension reserve of £0.

The College had cash reserves of £1,428,000 (2022-23: £3,284,000). The College has outlined in the further development section how this cash reserves will improve in 2024-25.

At the end of 2023-24, the College financial health rating was "good" based on the latest submission to the ESFA in July 2024.

The College generated a net operating cash outflow in 2023-24 of (£1,856,000) (2022-23: £1,461,000 inflow). The College explains why this is the case in the future development section. In summary, it has invested funds upfront to prepare for the partial disposal of its Nuneaton campus. Sale proceeds for this sale will follow in 2024-25 and 2025-26.

**Group companies**

The College has no subsidiaries.

**Sources of income**

The College has significant reliance on education sector funding bodies for its principal funding source, largely from recurrent grants. In 2023/24 the ESFA funding body provided 76% of the College's income.

**Treasury Policy and Objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. This will now incorporate the relevant legislation within the guides issued around the reclassification of Colleges into the public sector.

All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum and all relevant legislation inherent in the reclassification of Colleges into the public sector from 29th November 2022.

**Reserves Policy**

The College refreshed its formal Reserves Policy in 2023-24 which recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £12,790,000. This meets the reserves policy target which has been set by the College and agreed by Audit Committee at a minimum level of £2,088,000.

**Future Developments**

The College continues to monitor itself against its forward-looking three-year plan developed and refreshed each year in line with ESFA guidelines.

The College will see its cash position improve markedly in 2024-25. It has, for some time, been negotiating the partial disposal of its Nuneaton site. This will yield £6.5m in income over the next two years. From this £2m will be repaid to the banks and reduce College debt. The remainder will be for the College. Significant cost has been incurred up front for this project and 2024-25 and 2025-26 will see the significant cash inflows that the disposal will bring. The repayment of debt will also reduce operational interest payments incurred during the year.

Aside from that the College has recruited well to its biggest cohort of students in 2023-24 and 2024-25 (16-19 FT learners) which, due to the effect of lagged funding will provide significant benefits in the year following recruitment.

The College has also exceeded its Adult Education Budget ESFA contract in 2023-24 which will see funds over and above the allocation payable.

During 2023-24 the College has also been involved in high value capital projects which utilised funding from both Salix and funding to make its estate ready for T-Levels. Whilst the investment is very welcome both projects operate on a payment and then reclaim basis with lags of up to 45 days. These projects are now complete and the effect the lag has on the cash position will therefore not be a factor in 2024-25.

The collaboration with Coventry University mentioned in this document is forecast to yield non pay savings of approximately £250k along with a mixture of increased income, not least in the HE cohort where the College would be entitled to charge more per learner should it wish to do so.

The College's three year plan also shows ongoing surpluses throughout its lifespan which will further enhance cash reserves.

The College will continue to operate flexibly in order to continue to deliver excellent teaching and learning.

The College's bankers Lloyds and NatWest/RBS remain supportive. In 2021-22 the College re-negotiated all of its loans and agreed new covenants. This was a hugely positive outcome which enabled the College to demonstrate stable financial health. Both banks were made aware of the one covenant breach in 2022-23 and were actively engaged in agreeing a way to conclude the issue without an unfavourable outcome for the College.

The College has been and is currently in the midst of delivering its largest ever portfolio of capital projects. Across the lifespan of the projects there will be approximately £23m of investment in College campuses. The breadth of funding covers energy efficiency grants, Salix funding for carbon saving initiatives, T-Level funding to make sites ready for T-Level delivery, FE transformation fund monies, full funding of a new build as part of the Nuneaton town centre redevelopment project and re-configuration and refurbishment of the Nuneaton campus in line with the plans for the partial disposal of that site.

The College continues to work in collaboration with three Universities and HORIBA MIRA (a global provider of automotive engineering, research and test services) in the running of a bespoke high level engineering facility at the HORIBA MIRA site.

The College has also submitted a section 28 application to the DfE to formally request sanction for its proposal to become part of the Coventry University group (CU). It would be a fully compliant FE entity within the overall CU group.

The College would continue to be a standalone FE entity. In terms of legal structure the University has incorporated a wholly owned subsidiary: CUFE Ltd. The entity will be a company limited by guarantee and an exempt charity. The objects and purposes for which CUFE is established are restricted specifically for the advancement of education for the public benefit as confirmed in the CUFE Company's Articles of Association. The Articles of Association have been developed in collaboration between CU and NWSLC. The University (as parent of the Coventry University Group) is the sole member.

NWSLC will move into the CUFE Company and be a "Designated Institution" within that entity ("NWSLC DI").

## Streamlined Energy and Carbon Reporting

The College is committed to reducing its carbon emissions and has taken measures in the year to improve energy efficiency which are detailed below:

The College's greenhouse gas emissions and energy use for the period are set out below:

| **UK Greenhouse gas emissions and energy use data for the period** | **2023-24** | **2022-23** |
|---|---|---|
| Energy consumption used to calculate emissions (kWh) | 6,969,221 | 7,820,184 |
| Energy consumption break down (kWh) | | |
| • gas | 4,292,660 | 5,229,297 |
| • electricity | 2,630,228 | 2,576,636 |
| • transport fuel | 46,333 | 14,251 |
| **Scope 1** emissions in metric tonnes CO2e | | |
| Gas consumption | 789.29 | 954.56 |
| Owned transport – mini-buses | 9.19 | 3.43 |
| Total Scope 1 | **798.48** | **957.99** |
| **Scope 2** emissions in metric tonnes CO2e | | |
| Purchased electricity | 613.21 | 498.27 |
| **Scope 3** emissions in metric tonnes CO2e | | |
| Business travel in employee owned vehicles | 1.73 | 54.22 |
| **Total gross emissions in metric tonnes CO2e** | **1413.42** | **1510.48** |
| Intensity ratio Tonnes CO2e per pupil | 0.22 | 0.28 |

## Qualification and reporting methodology

We have followed the 2023 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2024 UK Government's Conversion Factors for Company Reporting.

## Intensity ratio

The chosen intensity measurement ratio is total gross emissions in metric tonnes $C0_2e$ per pupil, the recommended ratio for the sector.

**Measures taken to improve energy efficiency**

All capital projects have sustainability as a consideration. Improvements include:

- Installed more LED lighting across our campuses.
- An air source heat pump to service four buildings including extensive radiator replacement.
- Upgrades to the fabric of the building to include roof insulation, cavity wall insulation and single glazing upgrades.
- Solar panels to harness additional low carbon power
- Reduced opening hours on sites in holidays. Staff continue to attend meetings online

- Replacement of heat emitters and radiators
- Installation of a new pressurisation unit to make the heating system more efficient.

**Going Concern**

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

The College currently has £7.74m of loans outstanding with a combination of Lloyds (3 loans) and Natwest/RBS. All loans were re-negotiated in the academic year 2021-22. The loan with RBS is repayable by December 2037, and the loan with Lloyds are term loans with a payment profile of 20 years.

The College was compliant with its covenants measurable at 31st July 2024.

- **Cash Reserves** - to maintain a minimum cash balance of £400k in Feb and Mar 2024, and £850k for the rest of the financial year.

- **Debt Service** - to ensure Cash Flow Available For Debt Service (CFADS) in the year is maintained at 1.1.

- **Gross debt over EBITDA –** to be a maximum of 4.0. The actual ratio was 4.0

The College has met all repayment deadlines for all loans as they fell due, and its cash flow projections confirm that this will continue to be the case.

As at 31st July 2024, the College held total reserves of £20,603,000 which includes a pension reserve of £0. The College had cash reserves of £1,428,000 (2022-23: £3,284,000).

The College generates a three-year Medium-Term Business Plan (MTBP) each year. The latest MTBP extends out to 2025-2026. The forecasts and financial projections within this plan indicate that the College will be able to operate within its existing facility for the next twelve months from the signing of these financial statements.

The College continues to operate against a backdrop of higher than usual inflation. The College has entered into flexible contracts for its gas and electricity supply which it believes will provide beneficial rates. As detailed elsewhere the College continues to deploy various energy saving initiatives via capital investment and working practices.

The College always prepares its cash flow projections cautiously. The profile of payments for its biggest funding streams have now been smoothed by the funding body which will help to alleviate the previous pinch points in February and March. The College has a strong history of managing its cash flow and is confident that it will continue to do so in the future.

The main risks inherent in the College cash flow centre on income generation and therefore learner recruitment. Recruitment across all main cohorts has been very healthy in 2023-24 and 2024-25. The funding for this recruitment is lagged and as such this risk looking out as far as 2025-26 is diminished.

The College could face cash pressure as a result of recent government announcements around National Insurance increases. It is still unclear at the time of writing as to whether these will be self funded, funded or whether Colleges may be exempt.

Within the three year plan a surplus before pension adjustments for FRS102 is forecast to be generated each year. Throughout the plan the College remains in a positive cash balance position and has positive reserves, excluding the pension reserve.

After preparing robust projections and making the appropriate enquiries the Corporation considers that the College 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.

**Access and Participation Expenditure**

The College charges basic fees and is therefore only required to have an Access and Participation statement. The Access and Participation Statement is updated annually and is published on our website.

## CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

### Student Achievements

The College was last inspected under the Education Inspection Framework in late 2019, the outcome of the inspection was an “Overall Effectiveness” grade of “Good” with all areas being assessed as “Good”, apart from “Behaviours & Attitudes” which was assessed as “Outstanding”.

Continued student success is paramount to the College. This is measured by achievement rates which cover all qualifications offered by the College, including those for learners studying English and mathematics.

NWSLC is finalising achievement rates based on assessment processes internally and externally. Initial indications are that students have been successful in their qualifications when compared to previous College performance in 2021/22 and in 2022-23, creating a three-year positive trend. College performance for the majority of indicators is at or above the performance of the sector nationally. However, achievement rates for high grade (4 to 9) GSCE English and maths are not at the comparator national rate for FE colleges. The College will continue to address improvements in this area during 2024-25.

### Curriculum Developments

The College has continued to build on its excellent reputation for implementing innovative and relevant curriculum developments, both in subject areas and in modes of delivery. The College continues to offer a wide range of programmes in all subject sector categories and in a broad range of levels, from pre-entry to level 6.

The College had successfully delivered T levels and T level transition programmes in the 2022/23 year and, in 2023-24, expanded its T level and T level transition programmes with a significant increase in student numbers on T Level courses.

Recruitment dipped during the course of the pandemic on 16-19 Study Programmes, primarily driven by changes in GCSE grade profiles and more young people having better GCSE outcomes and, as such, opting for A level and other level 3 routes outside of the College. Recruitment on to Study Programmes recovered in the 2023-24 College year with full time student numbers meeting the planned targets.

The College implemented several positive programmes in the 2023-24 year, which included the ongoing development and expansion of T-level and T-level transition programmes for all relevant routes.

In addition, 'Supported Internships' were successfully increased during the 2023-24 with students with SEND completing their qualifications and gaining employment as a result of their internships.

For a fifth consecutive year the College has achieved significantly above national average results in the National Student Survey for Higher Education, placing it as one of the highest performers regionally. Higher level qualifications for the 19+ age cohort continue to develop with the majority of this provision being Higher National Qualifications, Foundation Degrees and Teacher Training qualifications.

University links have continued to develop, with locally provided provision catering for full and part-time students on courses validated through well-established universities, for example, Coventry University.

During 2023-24, the College worked with a number of significant national employers, most notably Jaguar Land Rover and Bentley motors to develop bespoke training programmes in response to the electrification agenda in both companies.

The College has continued planning for a new build project as part of the Nuneaton Town redevelopment programme and is working with stakeholders on the development of a new College training restaurant and new digital learning hub in the town centre.

**Workforce Development and Employer Responsive**

The College strategy to meet the skills development needs of local employers continues to focus on the volume growth of funded apprenticeships, unfunded "full cost recovery" programmes and also engagement in projects designed to drive skills in emerging technologies. There are a range of initiatives developed by the College, often working with external partners, to diversify the college income and continue to effectively address local, regional and national skills needs and ensure we are the first-choice college for employers and wider stakeholders.

The College currently engages with several employers annually from across our regions and is working collaboratively with other local colleges in the development of new projects funded by the DfE such as the Strategic Development Fund (SDF), Local Skills Improvement Fund (LSIF) and Skills Injection Fund (SIF). All of these projects focus on developing new curriculum in priority sectors such as AI, hydrogen and the green agenda.

Established and ongoing projects include:

- **Mira Technology Institute (MTI)** - In partnership with HORIBA MIRA (Motor Industry Research Association), the local LEP and three universities, the College opened the MTI in September 2018 after many years of development.
- **CLEAR –** Developed in partnership with GLP and Wincanton, the purpose developed will provide apprenticeship and full cost training to the logistics and supply chain sector.

**Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payment to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period 1 August 2023 to 31 July 2024, the College paid 34 per cent of its invoices within 30 days. Allowing for acceptable workflow delays, 62 per cent of invoices were paid within 45 days. The College strives to meet the target set out by the Treasury for the payment to suppliers within 30 days.

The main reason the 34/65% is relatively low is that the College has instigated a no Purchase Order, no payment policy in order to increase compliance and control. This can lead to invoices not being settled promptly whilst the correct process is applied.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The College has embedded its risk management arrangements which are designed to protect the College's assets and reputation. This process is managed on behalf of the Corporation by the Audit Committee who receive reports in respect of risk management at each meeting.

The format of the Risk Management Report is in accordance with the ESFA recommended model. Significantly, it includes a risk register that is maintained at the College level which is reviewed at least termly by the Audit Committee.

The risk report identifies the key risks, the cause of the risk and its potential effect. Preventative action is detailed which has a clear target date. Should that action fail further mitigating actions are identified, also with accompanying target dates.

Risks are RAG rated with the preventative and mitigating actions being described as "the route to green". The main items captured in the report relate to solvency, forecasting, student experience, safeguarding, HR, estates, compliance and IT security.

Within these broad headers individual risks are identified and allocated to a risk owner. The top five risks as considered by the College are:

- Risk of cyber attack
- Risks around recruitment and retention of staff
- Risk of recruiting insufficient learners
- Risk of inaccurate budgeting and forecasting
- Unforeseen circumstances generating a safeguarding and Prevent risk

All of these risks are managed via the College's risk process. Each risk has an owner and once a risk is identified a course of mitigating actions are identified to be deployed should they be required.

Each risk owner then has to regularly update the risk register to identify firstly, whether the risk has come to fruition and secondly what has been done to mitigate. Regular risk meetings are held where risks and actions are scrutinised, removed or added. The full risk report is then further scrutinised by the Audit Committee.

**Key Performance Indicators**

The College measures itself and is measured externally by certain key performance indicators.

First and foremost, student recruitment, retention and achievement are measured internally and also scrutinised externally via Ofsted inspections.

In September 2019 the College received a full visit from Ofsted under the new Education Inspection Framework. The outcome of the inspection was an "Overall Effectiveness" grade of "Good" with all areas being assessed as "Good", apart from "Behaviours & Attitudes" which was assessed as "Outstanding".

The financial health of the College is assessed via a suite of prescribed ESFA formulae. The College is required to submit a three-year plan to the funding body each July which sets out its anticipated performance over the life of the plan. This model includes all the key ratios widely used in the sector to assess performance.

A table showing the College's highest priority KPI's and performance against them in 2023-24 is shown below.

| KPI | Target | Achieved |
|---|---|---|
| Student Attendance | 90% | 84% |
| Lesson observations complete | 100% | 100% |
| Staff utilisation | 100% | 92.5% |
| Student retention | 87.6% | 87.8% |
| Operating surplus/(deficit) | £465k | £208k |
| Staff sickness | <4% | 4.06% |

The College now employs student attendance staff. The College's MTBP forecasts that operating surpluses in 2024-25 will move back in line with the target. Staff sickness will be improved as the College has launched several initiatives around wellbeing that staff can utilise including health care plans and the use of appropriate professional services.

**EQUALITY AND DIVERSITY**

**Equality**

North Warwickshire and South Leicestershire College is committed to its statutory duties as set out in the Equality Act 2010 and the principle of equal opportunities and equal treatment for all employees.

As part of that principle, the College believes that all staff should receive equal pay for the same, or broadly similar work rated as equivalent, or for work of equal value, regardless of their sex or any other characteristic. As such, the College ensures that it:

- Reviews its equal pay policy in line with the Equality and Human Rights guide to equal pay.
- Monitors the impact of practices, not only with regard to pay, but also recruitment and performance reviews.
- Has a transparent pay system.
- Provides training for managers on anti-discriminatory practice.
- HR oversight of recruitment, career progression and pay processes to ensure there is no gender bias.

The College's Equality Policy is published on the College's website.

**Gender pay gap reporting**

| | Year ending 31 March 2024 |
|---|---|
| Mean gender pay gap | 13.5% |
| Median gender pay gap | 23.06% |
| Mean bonus gender pay gap | 0% |
| Median gender bonus gap | 0% |
| Proportion of males/females receiving a bonus* | 0%/0% |

*The College does not operate a standard bonus scheme and therefore the proportion of males and females receiving a bonus payment is 0%.

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

| | **Males** | **Females** |
|---|---|---|
| 1 - Lower quartile | 27% | 73% |
| 2 | 17% | 83% |
| 3 | 37% | 63% |
| 4 – Upper quartile | 45% | 55% |

**Disability statement**

The College is a disability confident employer and as such undertakes the following;

- we actively look to attract and recruit disabled people, where an applicant who is disabled meets the essential criteria for the role advertised, they are guaranteed an interview.
- we provide a full inclusive and accessible recruitment process, ensuring online processes are accessible or ensuring there is an accessible offline process, making sure all documentation is available in alternative formats if required and ensuring reasonable adjustments are made during the recruitment process.
- we ensure that all staff have participated in equality training which includes training on the protected characteristic of disability. This, along with our absence procedure and occupational health support, helps managers to be aware of how they can support staff who are sick or absent from work.

- consideration of reasonable adjustments is embedded into HR and line management practice in the College including adapting the work environment, providing equipment and considering alternative work patterns, with regular engagement with Access to Work for advice and financial support where available.
- through inclusive policies, occupational health sessions and reasonable adjustments the College ensures that every effort is made to enable an employee who acquires a disability or whose existing disability worsens to stay in their current job or an alternative one.
- ensures that there are no barriers to the development and progression of disabled staff, training needs are regularly discussed with all staff and appropriate training and support identified and undertaken.

**Trade Union Facility Time**

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

| Numbers of employees who were relevant period | FTE employee number |
|---|---|
| 2 | 1.8 |

| Percentage of time | Number of employees |
|---|---|
| 0% | 0 |
| 1-50% | 2 |
| 51-99% | 0 |
| 100% | 0 |

| | |
|---|---|
| Total cost of facility time | £25,702 |
| Total pay bill | £23,520,156 |
| Percentage of total bill spent on facility time | 0.11% |

| | |
|---|---|
| Time spent on paid trade union activities (as opposed to trade union duties) as a percentage of total paid facilities time hours | 0% |

**STAKEHOLDER RELATIONSHIPS**

North Warwickshire and South Leicestershire College has many stakeholders. These include;

- current, past and future students.
- staff.
- funding agencies and councils (particularly ESFA, DFE, OfS and WMCA)
- local authorities
- banks
- government departments
- local and national employers
- the local community
- local schools
- other FE and HE institutions
- coventry university
- local enterprise partnerships
- trade unions and professional bodies.

The College recognises the importance of communication in nurturing these relationships. It engages in regular communication with external stakeholders on several relevant issues as they emerge and mature. It considers good communication with its staff to be vital. The College reviews its student communication arrangements every year and introduced a "Student Parliament" in 2009.

This encourages student involvement through membership of forums, formal committees, Boards of Study and other appropriate mechanisms. Student Governors are welcomed onto the Corporation encouraged to be actively involved in its reviews and debates over college direction and performance.

## RESOURCES

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

### Financial

At the balance sheet date the College had £20,603,000(2022-23; £20,460,000) of net Assets including a £0 pension liability (£0 at 31st July 2023), and long term debt of £7,737,000 (2022-23; £8,086,000).

### Property

The College owns the freehold for its main teaching and learning facilities in Nuneaton, South Wigston and Hinckley along with the long leasehold for its premises in Harrowbrook, its Digital Skills Academy in Coventry and clear campus at Magna Park. The College also owns the MTI centre which is an advanced engineering facility which opened in 2018-19. During 2023-24 the College continued to expend significant funds to ensure all its sites remained fit for purpose.

### People

During the year the College employed an average of 755 (2022-23;729) people (expressed as average headcount).

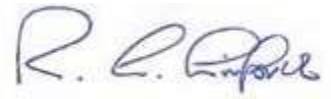
### Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and for sustaining its external funders, and stakeholders in general.

### Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware, and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

**Approved by order of the members of the Corporation on 12th December 2024 and signed on its behalf by:**



**R Linforth**
**Chair of Corporation**

## Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in 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 Members, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31st July 2024. This opinion is based on an internal review undertaken against the Code and presented to the People, Strategy & Governance Committee on 10th October 2024 and the external review undertaken by the Association of Colleges (AoC) and reported to the People, Strategy & Governance Committee on 24th October 2023 and the Corporation on 14th December 2023.

The Corporation 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 AoC in March 2015 (and subsequently updated by the AoC in September 2021), which it formally adopted on 25th June 2015, on the basis it comprehensively reflects the Corporation's legal structure, operations and stakeholders. It should be noted that the Corporation approved the adoption of the new AoC Further Education Governance Code at its meeting on 6th July 2023 for implementation as from 1st August 2023. The Corporation has complied with that Code during 2023/24. Although the Corporation has not adopted the UK Corporate Governance Code 2018, it has due regard to its principles and guidance.

### The Corporation

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

| Name | Appointment | Term of Office | Resignation / Tenure End | Status | Committees Served 2023/24 | Overall Att. 2023/24 |
|---|---|---|---|---|---|---|
| Mrs S Barnett | 28/5/2024 | 1 year* to 31/7/2025 | - | External | - | 100% |
| Mr C Benham | 28/5/2024 | 1 year* to 31/7/2025 | - | External | - | 50% |
| Miss M Deakin | 05/02/2024<br>04/07/2024 | 1 year* to 31/7/24<br>1 year* to 31/7/25 | 31/7/24 | Student | SLQ | 50% |
| Mr S Dover | 14/12/2023<br>04/07/2024 | 1 year* to 31/7/24<br>4 years to 31/7/28 | 31/7/24 | External | Resource | 57% |
| Mrs J Essex | 08/05/2024 | 1 year* to 31/7/25 | - | External | - | 50% |
| Mrs H Holley | 11/05/2020<br>08/07/2021 | 1 year to 31/07/2021<br>4 years to 31/07/2025 | 31/07/2021 | External | Audit | 90% |
| Mr C Humphrey | 30/11/2022<br>06/07/2023 | 1 year* to 31/07/2023<br>4 years to 31/07/2027 | 31/07/2023<br>24/01/2024 | External | Resource | 83% |
| Mrs M Kavanagh | 28/05/2024 | 1 year* to 31/07/2025 | - | External | - | 50% |
| Mrs M Ketley | 02/07/2024 | 1 year* to 31/07/2025 | - | External | - | Non-Applicable |

| Name | Appointment | Term of Office | Resignation / Tenure End | Status | Committees Served 2023/24 | Overall Att. 2023/24 |
|---|---|---|---|---|---|---|
| Mr S Kirby | 08/07/2021<br>05/07/2022 | 1 year to 31/07/2022<br>4 years to 31/07/2026 | 31/07/2022<br>19/01/2024 | External | SLQ | 40% |
| Prof R Linforth | 01/08/2016<br>01/08/2017<br>08/07/2021 | 1 year 31/07/2017<br>4 years to 31/07/2021<br>4 years to 31/07/2025 | 31/07/2017<br>31/07/2021 | External | PSG / SLQ | 100% |
| Mr A Majithia | 26/06/2017<br>12/07/2018<br>05/07/2022 | 1 year to 31/07/2018<br>4 years to 31/07/2022<br>4 years to 31/07/2026 | 31/07/2018<br>31/07/2022 | External | Audit | 93% |
| Mr J Marwaha | 28/05/2024 | 1 year* to 31/07/2025 | - | External | - | 100% |
| Mr S Maxey | 04/10/2021<br>05/07/2022 | 1 year to 31/07/2022<br>4 years to 31/07/2026 | 31/07/2022 | External | Resource | 54% |
| Ms L Newitt | 30/09/2020<br>08/07/2021<br>05/07/2022<br>06/07/2023<br>04/07/2024 | 1 year to 31/07/2021<br>1 year to 31/07/2022<br>1 year to 31/07/2023<br>1 year to 31/07/2024<br>1 year to 31/07/2025 | 31/07/2021<br>31/07/2022<br>31/07/2023<br>31/07/2024 | Co-optee | SLQ | 75% |
| Mrs M Plant | 03/04/2004 | Ex-officio Principal & Chief Executive | - | Principal | PSG / SLQ Resource | 90% |
| Mrs N Prosser | 02/07/2024 | 1 year to 31/07/2025 | - | External | - | - |
| Mr C Read | 01/08/2017<br>01/08/2018<br>01/08/2022 | 1 year to 31/08/2018<br>4 years to 31/07/2022<br>4 years to 31/07/2026 | 31/08/2018<br>31/07/2022 | External | Resource / PSG | 81% |
| Mr L Robinson | 13/11/2023<br>04/07/2024 | 1 year* to 31/07/2024<br>4 years to 31/0/7/2028 | 31/07/2024 | External | - | 80% |
| Mr N Simkins | 05/07/2022<br>06/07/2023<br>04/07/2024 | 1 year to 31/07/2023<br>1 year to 31/07/2024<br>1 year to 31/07/2025 | 31/07/2023<br>31/07/2024 | Co-optee | Audit | 80% |
| Mrs T Simkins | 22/02/2019<br>09/07/2020 | 1 year to 31/07/2020<br>4 years to 31/07/2024 | 31/07/2020<br>05/07/2024 | External | Resource | 69% |
| Mr J Stanley | 22/03/2023 | 4 years to 31/07/2027 | - | Staff | SLQ | 92% |
| Dr R Suart | 02/08/2022<br>06/07/2023 | 1 year to 31/07/2023<br>4 years to 31/07/2027 | 31/07/2023 | External | SLQ | 92% |
| Dr A Turner | 23/01/2020<br>08/07/2021 | 1 year to 31/07/2021<br>4 years to 31/07/2025 | 31/07/2021 | External | SLQ | 100% |
| Mrs R Marshall acts as Clerk to the Corporation | | | | | | |

**Key:** **SLQ:** Students Learning & Quality Committee **Resource:** Resource Committee
**PSG:** People, Strategy & Governance Committee **Audit:** Audit Committee

*** Academic year (01/08/2024-31/07/2025)**

## 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 concerning the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality and curriculum matters and personnel-related matters such as staffing, health and safety and environmental issues.

During the academic year 2023/24 the Corporation met on eight occasions. All meetings were held in person at College campuses, with the option for Members to attend via Microsoft Teams Meeting if necessary.

The Corporation conducts its business through four Committees. Each Committee has terms of reference, which are reviewed annually and approved by the Corporation. The following Committees were re-constituted in 2023/24: Audit, People Strategy & Governance, Resource and Students, Learning & Quality.

The minutes of Corporation meetings, except those deemed confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at the College's registered address.

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

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

Formal agendas, papers and reports are supplied to Members in a timely manner, prior to Corporation and Committee meetings. Briefings are provided at the start of each Corporation meeting.

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

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

## 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 established a People Strategy & Governance Committee, consisting of six Members, which has responsibility for the selection and nomination of any new Members for the Corporation's consideration. The Corporation (through the People Strategy & Governance Committee) is responsible for ensuring that appropriate training is provided as required.

External Members of the Corporation are appointed for a term of office not exceeding four years, following an initial appointment for a year. The maximum period of appointment for an External Member is nine years, subject to caveats set out in the Standing Orders. A Staff Member is appointed for a period of four years and may be re-appointed at the end of their tenure in accordance with the requirements of the Instrument and Articles of Government and the Standing Orders. A student is appointed for a period of 12 months and may be re-appointed at the end of their tenure in accordance with the requirements of the Instrument and Articles of Government and the Standing Orders.

Members may only be considered for re-appointment beyond two terms if:

- they have demonstrated excellent commitment to the Corporation in terms of attendance and contribution at meetings; and

- they have special skills that would be otherwise difficult to find; and
- their level of governance experience is required to balance the relative inexperience of a number of new Members; or
- they chair a committee, and the appointment of a successor would be difficult.

Where a Member is re-appointed beyond two terms, the re-appointment will be for a year at a time, until the matters described above are no longer relevant as determined by the Corporation, following a recommendation by the People Strategy & Governance Committee.

**Corporation Performance**

The Corporation commissioned a three yearly external governance review, undertaken by the Association of Colleges (AoC) and based on the Education Training Foundation/AoC pilot review framework. The review took place over the summer term 2023 and was reported to the People, Strategy & Governance Committee and the Corporation at their meetings on 24th October 2023 and 14th December 2023.

The review considered (but was not limited to), principles from Codes of Governance, the Education Inspection Framework and the Department for Education's current guidance on external board reviews. The Corporation requested the review to focus on the standard framework considering Corporation composition, structures and interaction, and to identify if there was any specific good practice that the Corporation might consider adopting to take its current practice to outstanding.

The findings of that review indicated:

> "There are many strong features of governance at North Warwickshire and South Leicestershire College, with a positive Board composition, healthy Board structure and strong Board interaction and an overall maturity to the operation of governance. Inevitably there are some areas where further improvements could be made, but these are in the context of making the Board even stronger in its operation, rather than in any sense weaknesses or remedial actions. The overall conclusion on Board effectiveness is that there is evidence the Board is proficient and has an impact on college strategy, effectiveness, and outcomes."

The overall finding of the review was that the Corporation:

> "made a strong impact on College strategy, effectiveness and outcomes" and the overall conclusion on Board effectiveness was there was, "evidence the Board was proficient and had an impact on college strategy, effectiveness, and outcomes."

A number of strengths were identified, together with proposed areas for development which the People, Strategy and Governance Committee considered and agreed at its meeting on 24th October 2023. These recommendations were incorporated into the Governance Quality Improvement Plan for 2023/24 and were implemented during 2023/24, overseen by the People, Strategy & Governance Committee.

The Corporation also undertook its annual self-assessment of its own performance for the year ended 31st July 2024 and graded itself as 'Good' on the Ofsted scale.

The Corporation is committed to development and Members and The Clerk to The Corporation undertook the following development activities during 2023/24:

- Updating themselves on the amendments to the Keeping Children Safe in Education Guidance and undertaking annual online safeguarding and Prevent training.
- Attending four briefings delivered before Corporation meetings on:
  - SEND update;
  - the whole College Self-Assessment Report 2022/23 and the Quality Improvement Plan 2023/24
  - cyber-security
  - student success
- Undertaking campus learning walks and observing Student Parliaments.

- Four new Members attended induction sessions delivered by the Clerk to the Corporation and other members of staff.
- Safeguarding, SEND and careers link Members met with the relevant staff leads for those areas.
- A Principal's briefing update before each Corporation meeting focusing on relevant national, regional, local & College matters.
- Student presentations and cohort briefings delivered at Students Learning and Quality Committee on:
  - Higher Education including NSS Results & OfS Compliance;
  - Education Programmes for Young People; and
  - 14-16 Provision.
- 'AoC Masterclass: Audit Committee' attended by the Members of the Audit Committee

**People Strategy & Governance Committee**

Throughout the year ending 31st July 2024, the People Strategy & Governance Committee comprised six Corporation members. The Principal was a member of the Committee for matters relating to the Committee's people strategy, search and governance functions. The Committee operated in accordance with written terms of reference approved by the Corporation.

The Committee met on three occasions and was established to provide assurance to the Corporation that:

- strategic oversight of College staff was being taken, with a view to achieving high organisational performance;
- the principles of fair and appropriate remuneration for senior post holders had been applied effectively and consistently, including making recommendations to the Corporation on the remuneration and benefits of the Chief Executive/Accounting Officer and other senior postholders.
- appropriate Corporation recruitment and succession planning processes were in place, effective and timely and that appropriate advice on membership matters had been provided;
- the Corporation's governance framework and approach was fit-for-purpose and effective;
- strategic risks which related to the Committee's terms of reference, were being effectively managed; and
- to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer.

The Corporation adopted the AoC's Senior Staff Remuneration Code in 2019 and continues to ensure that it complies with that Code (as updated in September 2021) by applying the principles contained within the Code to all remuneration decisions affecting the emoluments of the Principal/Chief Executive and designated senior postholders.

Details of remuneration for the year ended 31st July 2024 are set out in note 6 to the financial statements.

**Audit Committee**

The Audit Committee comprised two members of the Corporation (excluding the Accounting Officer and Chair) and one co-optee. The Committee operated in accordance with written terms of reference approved by the Corporation. The terms of reference comply with the requirements of the College Financial Handbook, the College Accounts Direction and the Past-16 Audit Code of Practice.

The Audit Committee met on five occasions in the year to 31st July 2024 and was quorate on each occasion. The Committee provided a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Audit Committee also advises the Corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

The members of the Committee and their attendance records are shown below:

| Committee Member | Meetings Attended | Meeting Held |
|---|---|---|
| Mrs H Holley | 3 | 4 |
| Mr A Majithia | 5 | 5 |
| Mr N Simkins | 4 | 5 |

**Resource Committee**

The Resource Committee comprised five Corporation members. The Committee operated in accordance with written terms of reference approved by the Corporation. The Committee meet on five occasions during the year and was established to provide assurance to the Corporation that:

- the College's financial strategy and policies were appropriate, within the context of the College's overall strategic plan;
- College resources were being used effectively and efficiently,
- the College was solvent and sustainable;
- College assets were being safeguarded; and
- strategic risks, which related to the Committee's terms of reference, were being effectively managed.

**The Students, Learning & Quality Committee**

The Students, Learning & Quality Committee comprised six Corporation members and a co-optee. The Staff and Student Members were Committee members. The Committee operated in accordance with written terms of reference approved by the Corporation. The Committee meet on four occasions during the year and was established to:

- provide assurance to the Corporation that: the curriculum strategy was relevant, fit for purpose and met the needs of the community the College serves and national priorities;
- the standards of academic delivery met relevant internal and external expectations;
- the necessary structures and processes, for the effective provision of a safe and high-quality student experience, and were in place;
- strategic risks, which related to the Committee's terms of reference, were being effectively managed.

**Internal Control**

*Scope of responsibility*

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds for which she is personally responsible, in accordance

with the responsibilities assigned to her in the Financial Memorandum between North Warwickshire and South Leicestershire College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

*The purpose of the system of internal control*

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31st July 2024 and up to the date of approval of the annual report and financial statements. No significant internal control weaknesses or failures have arisen during this period of time.

*Capacity to handle risk*

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating, and managing the College's significant risks that has been in place for the period ending 31st 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, administration procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation 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 College has an Internal Audit Service, which operates in accordance with requirements of the Education Skills Funding Agency's *Post-16 Audit Code of Practice*. The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee.

The College's Internal Audit Service monitors the systems of internal control, risk management controls and governance processes in accordance with a three-year audit strategy and annual audit plan (recommended by the Audit Committee, following its input and scrutiny, for approval by the Corporation) and reports its findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and the internal Audit Service undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee receives regular updates on the progress of the annual internal plan and the follow-up reviews to ensure that the agreed plan is progressing and recommendations are being implemented.

The Internal Audit Service provides the Corporation with an annual report on the College's internal audit activity. The report includes the Internal Audit Service's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes. The report is reviewed by the Audit Committee and received by the Corporation.

*Risks Faced by the Corporation*

The Risk Management Policy sets out the College's approach to risk, including the means for identifying, evaluating, managing and reporting on risk in order to minimise the potential for negative impact and enhance the potential for opportunity.

Risk identification takes place through the consideration of the College's strategic and operational objectives, College strategies (including teaching and learning, finance, HR, estates and IT), the current and prevailing environment and context (including political, regulatory, regional, local and legal); and the issues that could prevent the achievement of those objectives and strategies, or which arise because of the current prevailing environment and context.

Risks are given a rating of 'High' (a business-critical risk), 'Medium' (a significant business risk) or 'Low' (an important risk that requires management consideration) based on an evaluation of impact and likelihood using an agreed matrix to determine the level of risk.

The College's risk management framework is embedded at appropriate levels of the business; both top-down and bottom-up, with identified risks being effectively escalated and disseminated as appropriate. The risk management framework is applied consistently throughout the organisation as part of normal business activity.

The College operates operational level risk reports which include relevant key operational, financial, compliance, and other risks. The report is owned and reviewed by the Executive and scrutinised and challenged by the Audit Committee at each of its meetings and by the Corporation. The Audit Committee receives a risk owner briefing at each of its meetings. The Chief Operating Officer/Deputy Chief Executive holds regular meetings with the directors responsible for College risks to review, interrogate and update the College risk report.

*Control Weaknesses Identified*

No significant internal control weaknesses or failures have arisen during 2023/24 on and up to the date of the approval of the financial statements. The Audit Committee is satisfied that action being taken is sufficient to address any control weakness.

*Responsibilities under Funding Agreements*

Changes to funding rules are notified directly to the College by the Funding Body.

The Department for Education and Education and Skills Funding Agency introduced new controls for the College on 29th November 2022 on the day that the Office for National Statistics re-classified colleges as public sector organisations in the national accounts. The ESFA's Chief Executive communicated these changes to all college accounting officers. The ESFA also published a FE College Financial Handbook on 20th March 2024, which became effective from 1st August 2024 and which the College pays due regard to. 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. A review of the FE College Financial Handbook will take place annually, the outcomes of which will be presented to the Audit Committee at its first meeting of the academic year.

Individualised Learner Record (ILR) returns are made each month by the College to the Funding Body. These are assessed for completeness and are rejected if any errors are present. There were no issues with any return in 2023/24 and all were on time. All relevant learner data is included in this monthly return. Furthermore, the ILR returns are subject to periodic audit from the Funding Body.

*Statement from the Audit Committee*

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

For the 12 months ended 31st July 2024 the internal audit opinion for North Warwickshire and South Leicestershire College was, based on the work undertaken during the year, that: "The organisation has an adequate and effective framework for risk management, governance and internal control. The internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

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

| Internal Audits Undertaken | Opinion | Recommendations |
|---|---|---|
| Risk Management Arrangements | Advisory Review | 1 medium priority management action |
| IT Security Framework | Reasonable Assurance | 2 low and 4 medium priority management actions |
| Staff Utilisation Processes | Reasonable Assurance | 1 low and 3 medium priority management actions |
| Key Operational Controls | Substantial Assurance | 4 low and 1 medium priority management actions |
| Learner Number Systems - Apprenticeships | Advisory Review | 3 low and 4 medium priority management actions |
| Capital Projects Controls | Reasonable Assurance | 2 low and 1 medium priority management actions |
| Follow-Up - June 2023 | Reasonable Progress | 6/21 recommendations actions - fully implemented;<br>6/21 management actions - being implemented;<br>4/21 management actions - to be implemented;<br>5/21 management actions - superseded. |

*Review of Effectiveness*

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

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

The 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 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 management 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 management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

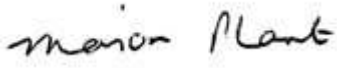
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis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

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

**Approved by order of the Members of the Corporation on 12th December 2024 and signed on its behalf by:**



**R Linforth**
**Chair of Corporation**



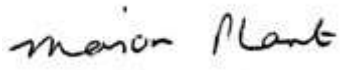
**M Plant**
**Principal and Accounting Officer**

## 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 grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance, 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.



**M Plant**
**Principal and Accounting Officer**
**Date:**

## 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.



**R Linforth**
**Chair of Corporation**
**Date:**

**Statement of Responsibilities of the Members of the Corporation**

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

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

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

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

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

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

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

**Approved by order of the members of the Corporation on 12th December 2024 and signed on its behalf by:**



**R Linforth**
**Chair of Corporation**

## Independent auditor's report to the Corporation of North Warwickshire and South Leicestershire College

### Opinion

We have audited the financial statements of the Corporation of North Warwickshire and South Leicestershire College (the 'College') for the year ended 31 July 2024 which comprise the Consolidated and College statements of comprehensive income and expenditure, the Consolidated and College statements of changes in reserves, the Group and College balance sheets, the Consolidated statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is 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 the College's affairs as at 31 July 2024 the Group's and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

### Basis for opinion

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

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

We have nothing to report in this regard.

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

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

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

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

In our opinion, in all material respects

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

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

- The College's grant and fee income, as disclosed in the financial statements, has been materially misstated; or
- The College's expenditure for the financial year, as disclosed in the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

**Responsibilities of the Governing Body of North Warwickshire and South Leicestershire**

As explained more fully in the Statement of Corporation Responsibilities on page 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 Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

**Use of our report**

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

**Stuart McKay BSc FCA DChA**
(Senior Statutory Auditor)
For and on behalf of
**MHA**
Statutory Auditor
London, United Kingdom

Date:

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

## Independent Reporting Accountant's Report on Regularity to The Corporation of North Warwickshire and South Leicestershire College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 08 July 2024 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 North Warwickshire and South Leicestershire College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by 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 North Warwickshire and South Leicestershire College 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 North Warwickshire and South Leicestershire College 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 North Warwickshire and South Leicestershire College and ESFA for our work, for this report, or for the conclusion we have formed.

### Respective responsibilities of North Warwickshire and South Leicestershire College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 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.

The work undertaken to draw to our conclusion includes:

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

**Conclusion**
In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.

**MHA**
**London, United Kingdom**
**Date:**

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

## North Warwickshire and South Leicestershire College
## Consolidated Statements of Comprehensive Income and Expenditure

| | Notes | Year ended 31 July 2024 Group £'000 | 2024 College £'000 | Year ended 31 July 2023 Group £'000 | 2023 College £'000 |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Funding body grants | 2 | 29,035 | 29,035 | 26,121 | 26,121 |
| Tuition fees and education contracts | 3 | 2,255 | 2,255 | 2,273 | 2,273 |
| Other grants and contracts | 4 | 1,528 | 1,528 | 1,469 | 1,469 |
| Other income | 5 | 2,864 | 2,864 | 3,553 | 3,553 |
| **Total income** | | **35,682** | **35,682** | **33,416** | **33,416** |
| **EXPENDITURE** | | | | | |
| Staff costs | 6 | 23,430 | 23,430 | 21,846 | 21,846 |
| Other operating expenses | 7 | 8,767 | 8,767 | 9,664 | 9,664 |
| Depreciation | 9 | 2,301 | 2,301 | 2,140 | 2,140 |
| Interest and other finance costs | 8 | (226) | (226) | 300 | 300 |
| **Total expenditure** | | **34,272** | **34,272** | **33,950** | **33,950** |
| **Surplus/(Deficit) before other gains and losses** | | **1,410** | **1,410** | **(534)** | **(534)** |
| **Gain on investments** | | **-** | **-** | **-** | **50** |
| **Surplus/(Deficit) before tax** | | **1,410** | **1,410** | **(534)** | **(484)** |
| **Surplus/(Deficit) for the year** | | **1,410** | **1,410** | **(534)** | **(484)** |
| Actuarial gain/(loss) in respect of pensions schemes | 20 | (1,267) | (1,267) | 215 | 215 |
| **Total Comprehensive Income for the year** | | **143** | **143** | **(319)** | **(269)** |
| **Represented by:** | | | | | |
| **Unrestricted comprehensive income** | | **143** | **143** | **(319)** | **(269)** |
| | | **143** | **143** | **(319)** | **(269)** |

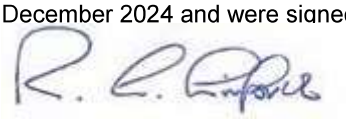
## North Warwickshire and South Leicestershire College
## Consolidated and College Statement of Changes in Reserves

| | Income and Expenditure account £'000 | Revaluation reserve £'000 | Total £'000 |
|---|---|---|---|
| **Group** | | | |
| **Balance at 1st August 2022** | 12,436 | 8,341 | 20,777 |
| (Deficit) from the income and expenditure account | (534) | - | (534) |
| Other comprehensive income | 215 | - | 215 |
| Transfers between revaluation and income and expenditure reserves | 264 | (264) | - |
| | (55) | (264) | (319) |
| **Balance at 31st July 2023** | 12,383 | 8,077 | 20,460 |
| Surplus from the income and expenditure account | 1,410 | - | 1,410 |
| Other comprehensive income | (1,267) | - | (1,267) |
| Transfers between revaluation and income and expenditure reserves | 264 | (264) | - |
| **Total comprehensive income for the year** | 407 | (264) | 143 |
| **Balance at 31 July 2024** | **12,790** | **7,813** | **20,603** |
| **College** | | | |
| **Balance at 1st August 2022** | 12,388 | 8,341 | 20,729 |
| (Deficit) from the income and expenditure account | (484) | - | (484) |
| Other comprehensive income | 215 | - | 215 |
| Transfers between revaluation and income and expenditure reserves | 264 | (264) | - |
| | (5) | (264) | (269) |
| **Balance at 31st July 2023** | 12,383 | 8,077 | 20,460 |
| | | | - |
| Surplus from the income and expenditure account | 1,410 | - | 1,410 |
| Other comprehensive income | (1,267) | | (1,267) |
| Transfers between revaluation and income and expenditure reserves | 264 | (264) | - |
| **Total comprehensive income for the year** | 407 | (264) | 143 |
| **Balance at 31 July 2024** | **12,790** | **7,813** | **20,603** |

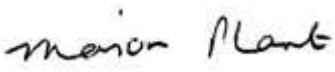
## North Warwickshire and South Leicestershire College
## Balance sheets as at 31 July 2024

| | Notes | Group | College | Group | College |
|---|---|---|---|---|---|
| | | 2024 | 2024 | 2023 | 2023 |
| | | £'000 | £'000 | £'000 | £'000 |
| **Non current assets** | | | | | |
| Tangible fixed assets | 9 | 71,792 | 71,792 | 64,360 | 64,360 |
| Investments | | - | - | - | - |
| | | **71,792** | **71,792** | **64,360** | **64,360** |
| **Current assets** | | | | | |
| Stocks | | - | - | - | - |
| Trade and other receivables | 10 | 2,958 | 2,958 | 2,553 | 2,553 |
| Cash and cash equivalents | 15 | 1,428 | 1,428 | 3,284 | 3,284 |
| | | **4,386** | **4,386** | **5,837** | **5,837** |
| **Less: Creditors – amounts falling due within one year** | 11 | (8,037) | (8,037) | (7,168) | (7,168) |
| **Net current liabilities** | | **(3,651)** | **(3,651)** | **(1,331)** | **(1,331)** |
| **Total assets less current liabilities** | | **68,141** | **68,141** | **63,029** | **63,029** |
| Less: Creditors – amounts falling due after more than one year | 12 | (47,538) | (47,538) | (42,422) | (42,422) |
| **Provisions** | | | | | |
| Defined benefit obligations | 20 | - | - | - | - |
| Other provisions | 14 | - | - | (147) | (147) |
| **Total Net Assets/(Liabilities)** | | **20,603** | **20,603** | **20,460** | **20,460** |
| **Unrestricted reserves** | | | | | |
| Income and expenditure account | | 12,790 | 12,790 | 12,383 | 12,383 |
| Revaluation reserve | | 7,813 | 7,813 | 8,077 | 8,077 |
| **Total unrestricted reserves** | | **20,603** | **20,603** | **20,460** | **20,460** |
| **Total reserves** | | **20,603** | **20,603** | **20,460** | **20,460** |

The financial statements on pages 35 to 62 were approved and authorised for issue by the Corporation on 12th December 2024 and were signed on its behalf on that date by:



**R Linforth**
**Chair of Corporation**



**M Plant**
**Principal and Accounting Officer**

## North Warwickshire and South Leicestershire College
## Consolidated Statement of Cash Flows

| | Notes | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|---|
| **Cash inflow from operating activities** | | | |
| Surplus/(deficit) for the year | | 1,410 | (534) |
| **Adjustment for non cash items** | | | |
| Depreciation | 9 | 2,301 | 2,140 |
| Deferred Capital grants released to income | | (1,242) | (1,140) |
| (Increase)/decrease in debtors | 10 | (405) | (560) |
| Increase/(decrease) in creditors due within one year | 11 | 832 | 468 |
| Increase/(decrease) in creditors due after one year | | - | - |
| Increase/(decrease) in provisions | 14 | (147) | (24) |
| Pensions costs less contributions payable | 20 | (1,267) | 215 |
| **Adjustment for investing or financing activities** | | | |
| Interest payable | 8 | 533 | 466 |
| Taxation paid | | - | - |
| Profit on sale of fixed assets | | - | - |
| **Net cash flow from operating activities** | | **2,015** | **1,031** |
| **Cash flows from investing activities** | | | |
| Payments made to acquire fixed assets | 9 | (9,733) | (1,026) |
| | | (9,733) | (1,026) |
| **Cash flows from financing activities** | | | |
| Interest paid | 8 | (533) | (466) |
| ESFA capital grants received | | 6,744 | 2,347 |
| Other project capital grants received | | - | - |
| Repayments of amounts borrowed | 13 | (349) | (425) |
| | | 5,862 | 1,456 |
| **Increase/(Decrease) in cash and cash equivalents in the year** | | **(1,856)** | **1,461** |
| Cash and cash equivalents at beginning of the year | 15 | 3,284 | 1,823 |
| Cash and cash equivalents at end of the year | 15 | 1,428 | 3,284 |

## Notes to the Financial Statements for the year ended 31 July 2024

### 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 College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

### Basis of accounting

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

These accounts are prepared on a going concern basis as The Corporation and its members believe there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

### Basis of consolidation

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31st July 2024.

### Going Concern

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

The College currently has £7.74m of loans outstanding with a combination of Lloyds (3 loans) and Natwest/RBS. All loans were re-negotiated in the academic year 2021-22. The loan with RBS is repayable by December 2037, and the loan with Lloyds are term loans with a payment profile of 20 years.

The College was compliant with its covenants measurable at 31st July 2024.

1) **Cash Reserves** - to maintain a minimum cash balance of £400k in Feb and Mar 2024, and £850k for the rest of the financial year.

2) **Debt Service** - to ensure Cash Flow Available For Debt Service (CFADS) in the year is maintained at 1.1.

- **Gross debt over EBITDA –** to be a maximum of 4.0. The actual ratio was 4.0

The College has met all repayment deadlines for all loans as they fell due, and its cash flow projections confirm that this will continue to be the case.

As at 31st July 2024, the College held total reserves of £20,603,000 which includes a pension reserve of £0. The College had cash reserves of £1,428,000 (2022-23: £3,284,000).

The College generates a three-year Medium-Term Business Plan (MTBP) each year. The latest MTBP extends out to 2025-2026. The forecasts and financial projections within this plan indicate that the College will be able to operate within its existing facility for the next twelve months from the signing of these financial statements.

The College continues to operate against a backdrop of higher than usual inflation. The College has entered into flexible contracts for its gas and electricity supply which it believes will provide beneficial rates. As detailed elsewhere the College continues to deploy various energy saving initiatives via capital investment and working practices.

The College always prepares its cash flow projections cautiously. The profile of payments for its biggest funding streams have now been smoothed by the funding body which will help to alleviate the previous pinch points in February and March. The College has a strong history of managing its cash flow and is confident that it will continue to do so in the future.

The main risks inherent in the College cash flow centre on income generation and therefore learner recruitment. Recruitment across all main cohorts has been very healthy in 2023-24 and 2024-25. The funding for this recruitment is lagged and as such this risk looking out as far as 2025-26 is diminished.

The College could face cash pressure as a result of recent government announcements around National Insurance increases. It is still unclear at the time of writing as to whether these will be self funded, funded or whether Colleges may be exempt.

Within the three year plan a surplus before pension adjustments for FRS102 is forecast to be generated each year. Throughout the plan the College remains in a positive cash balance position and has positive reserves, excluding the pension reserve.

After preparing robust projections and making the appropriate enquiries the Corporation considers that the College 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.

**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 income stream involved.

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

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

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

*Capital Grant Funding*

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

*Fee Income*

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

*Other Income*

Other income outside of the categories stated above is recognised in the period for which it is receivable.

*Investment Income*

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

**Agency Arrangements**

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

**Accounting for post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the two Local Government Pension Schemes being the Warwickshire Pension Fund and the Leicestershire County Council Pension Fund (LGPS) and the Teachers' Pension Scheme (TPS). 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 the employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

*Warwickshire Pension Fund and Leicestershire County Council Pension Fund (LGPS)*

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

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

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

**Short term Employment benefits**

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

**Enhanced Pensions**

The enhanced pension provision related to the cost of staff who have already left the College's employment. This is a closed cohort of a small number of ex staff which will never be added to. The College no longer deemed it an appropriate indicator of future liabilities as the age profile of the individuals provided for has progressed so much since the provision was set up. A more reliable estimate of future liability is to absorb costs as they become due each quarter in the College I&E.

**Tangible fixed assets**

Following the merger on 1st August 2016 the depreciation basis applicable to the assets of what was formerly North Warwickshire and Hinckley College have been applied to the assets formerly owned by South Leicestershire College (SLC) in order that all assets in the merged entity are depreciated consistently. No historic adjustment was made to the brought forward net book value of the former SLC assets.

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured based on deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation based on the depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost.

*Land and buildings*

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

- Wigston Campus buildings - 50 years to 52.083 years
- Hinckley Campus buildings - 50 years
- MIRA Campus buildings - 50 years
- Nuneaton Campus - 50 years
- Refurbishments - 5 years to 20 Years

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 50 and 52 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 5 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above.

The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1992, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

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

*Subsequent expenditure on existing fixed assets*

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

*Equipment*

Equipment costing less than £1,500 per individual item, except for computers, are recognised as expenditure in the period of acquisition. Equipment inherited from the Local Education Authority is included in the Balance Sheet at valuation. All other equipment is capitalised at cost.

Inherited equipment is depreciated on a straight-line basis over its remaining useful life to the College. All other equipment is depreciated on a straight-line basis over its useful life as follows:

- Large Equipment -10 years
- General Equipment - 5 years
- Small Equipment - 3 years
- Furniture (fitted) - 20 years
- Furniture - 5 years
- IT Equipment - 3 years
- Motor vehicles - 5 years
- Plant & Machinery - 5-10 years

**Intangible Fixed Assets**

Negative goodwill in excess of the fair value of non-monetary assets acquired is recognised in the Statement of Comprehensive Income and Expenditure in the periods expected to benefit from the acquisition

**Borrowing costs**

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

**Leased assets**

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

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

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

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

**Investments**

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

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments are included in the Balance Sheet at the lower of their original cost and net realisable value.

**Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3.18% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

**Provisions**

Provisions are recognised when:

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

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

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the notes to the financial statements.

**Cash and cash equivalents**

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

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

**Financial liabilities and equity**

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

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

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

- determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

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

Other key sources of estimation uncertainty:

- Local Government Pension Scheme

  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to the value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2 Funding body grants

| | Year ended 31 July 2024 College £'000 | Year ended 31 July 2023 College £'000 |
|---|---|---|
| **Recurrent grants** | | |
| Education and Skills Funding Agency - adult education budget | 5,804 | 5,325 |
| Education and Skills Funding Agency – 16 -18 | 19,413 | 16,830 |
| Education and Skills Funding Agency - apprenticeships | 1,930 | 2,451 |
| Office for Students | 183 | 142 |
| **Specific Grants** | | |
| Releases of government capital grants | 909 | 727 |
| Teacher Pension Scheme contribution grant | 796 | 646 |
| **Total** | **29,035** | **26,121** |

## 3 Tuition fees and education contracts

| | Year ended 2024 College £'000 | Year ended 2023 College £'000 |
|---|---|---|
| Adult education fees | 111 | 109 |
| Fees for FE loan supported courses | 721 | 635 |
| Total tuition fees | 832 | 744 |
| Education contracts | 1,423 | 1,529 |
| **Total** | **2,255** | **2,273** |

## 4 Other grants and contracts

| | Year ended 2024 College £'000 | Year ended 2023 College £'000 |
|---|---|---|
| Other Contract Income | 1195 | 1056 |
| Non-government capital grants | 333 | 413 |
| **Total** | **1528** | **1469** |

## 5 Other income

| | Year ended 31 July 2024 College £'000 | Year ended 31 July 2023 College £'000 |
|---|---|---|
| Catering and residences | 237 | 295 |
| Other income generating activities | 981 | 1,307 |
| Miscellaneous Income | 1,646 | 1,951 |
| **Total** | **2,864** | **3,553** |

## 6 Staff costs - College

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

| | 2024 No. | 2023 No. |
|---|---|---|
| Teaching staff | 315 | 265 |
| Non teaching staff | 440 | 464 |
| | **755** | **729** |

**Staff costs for the above persons**

| | | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| Wages and salaries | | 17,905 | 16,362 |
| Social security costs | | 1,773 | 1,545 |
| Other pension costs | | 3,752 | 3,929 |
| **Payroll sub total** | | **23,430** | **21,836** |
| Contracted out staffing services | | - | - |
| | | **23,430** | **21,836** |
| Fundamental restructuring costs - | contractual | - | 10 |
| | non contractual | - | - |
| | | **23,430** | **21,846** |

The College paid 0 (2023;1) severance payment in the year disclosed In the following bands:

| | | |
|---|---|---|
| £0 to £25,000 | 0 | 1 |

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

## 6 Staff costs - College

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, Deputy Principal and Chief Operating Officer. Staff costs include compensation paid to key management personnel for loss of office.

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

| | 2024<br>No. | 2023<br>No. |
|---|---|---|
| The number of key management personnel including the Accounting Officer was: | 3 | 3 |

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

| | Senior post-holders | | Other staff | |
|---|---|---|---|---|
| | 2024<br>No. | 2023<br>No. | 2024<br>No. | 2023<br>No. |
| £60,001 to £65,000 | | | 3 | 3 |
| £65,001 to £70,000 | | | 4 | 2 |
| £70,001 to £75,000 | | | 2 | |
| £75,001 to £80,000 | | | 1 | 1 |
| £80,001 to £85,000 | | | 1 | |
| £85,001 to £90,000 | | | 1 | |
| £95,001 to £100,000 | | 1 | | |
| £100,001 to £105,000 | 1 | | | |
| £105,001 to £110,000 | | 1 | | |
| £110,001 to £115,000 | 1 | | | |
| £195,001 to £200,000 | | 1 | | |
| £210,001 to £215,000 | 1 | | | |
| | **3** | **3** | **12** | **6** |

## 6 Staff costs - College

Key management personnel compensation is made up as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Basic salary | 440 | 402 |
| Performance related pay and bonus | - | - |
| Benefits in kind | - | - |
| Pension contributions | 30 | 38 |
| **Total key management personnel compensation** | **470** | **440** |

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

The above compensation includes amounts 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 | 211* | 198* |
| Performance related pay and bonus | - | - |
| Other including benefits in kind | - | - |
| Pension contributions | - | - |
| | 211 | 198 |

In total the remuneration for the Principal and Chief Executive is consistent with the prior year taking into account the whole College staff pay award. The Corporation adopted the Senior Post Holder Remuneration Code at its meeting on 11th July 2019 and has fully implemented the Code. The Corporation approved a Senior Post Holder Pay Policy (including a Policy on Income Derived from External Activities) at its meeting on the 8th December 2020 and reviewed and re-approved that Policy on 6th July 2023 . The Committee received the Annual Senior Post Holder Remuneration Report, on the recommendation of the People, Strategy and Governance Committee, at its meeting on the 14th December 2023. Remuneration for Key management personnel is overseen by the People Strategy & Governance Committee who as part of their considerations judge performance of those personnel against agreed aspects of College performance. They also ensure that the principles of fair and appropriate remuneration for senior post holders have been applied effectively and consistently, including making recommendations to the Corporation on the remuneration and benefits of the Chief Executive/Accounting Officer and other senior postholders.

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

| | 2024 | 2023 |
|---|---|---|
| Principal's basic salary as a multiple of the median of all staff | 7.5 | 7.4 |
| Principal and CEO's total remuneration as a multiple of the median of all staff | 7.5 | 7.4 |

**The CEO's pension contributions ceased during the period and have been paid as a salary.*

**Compensation for loss of office paid to former key management personnel**

| | 2024 £ | 2023 £ |
|---|---|---|
| Compensation paid to the former post-holder - contractual | - | - |
| Estimated value of other benefits, including provisions for pension benefits | - | - |

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

## 7 Other operating expenses

| | Year ended 31 July 2024 College £'000 | Year ended 31 July 2023 College £'000 |
|---|---|---|
| Teaching costs | 1,351 | 1,414 |
| Non teaching costs | 4,564 | 4,903 |
| Premises costs | 2,852 | 3,347 |
| **Total** | **8,767** | **9,664** |

| **Other operating expenses include:** | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Auditors' remuneration: | | |
| Financial statements audit | 46 | 42 |
| Internal audit | 46 | 37 |
| Other services provided by the internal auditors | | 6 |
| Losses on disposal of non current assets | | |
| Hire of assets under operating leases | 189 | 183 |

## 8 Interest payable - College

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| On bank loans, overdrafts and other loans: | 533 | 466 |
| | 533 | 466 |
| On finance leases | | - |
| Net interest on defined pension liability (note 20) | (759) | (166) |
| **Total** | **(226)** | **300** |

### 9 Tangible fixed assets College

| | Land and buildings | | Equipment | Assets in the Course of Construction | Total |
|---|---|---|---|---|---|
| | Freehold | Long leasehold | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation** | | | | | |
| At 1 August 2023 | 87,386 | 50 | 3,347 | 776 | 91,559 |
| Additions | 2,428 | - | 1,520 | 5,785 | 9,733 |
| Transfers | - | - | - | - | - |
| Disposals | (321) | - | (1) | - | (322) |
| **At 31 July 2024** | **89,493** | **50** | **4,866** | **6,561** | **100,970** |
| **Depreciation** | | | | | |
| At 1 August 2023 | 25,535 | 34 | 1,630 | - | 27,199 |
| Charge for the year | 1,644 | 4 | 653 | - | 2,301 |
| Disposals | (321) | - | (1) | - | (322) |
| **At 31 July 2024** | **26,858** | **38** | **2,282** | **-** | **29,178** |
| **Net book value at 31 July 2024** | **62,635** | **12** | **2,584** | **6,561** | **71,792** |
| Net book value at 31 July 2023 | 61,851 | 16 | 1,717 | 776 | 64,360 |

The asset disposals shown above reflect the removal of assets with zero net book value. As stated in the policy note the College carries inherited assets at an inherited valuation of £11,699,000. The assets were valued on incorporation and not updated since. The historic cost of the assets is nil.

Land and buildings were valued in 1992 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £11,699,000 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the funding body, to surrender the proceeds.

The net book value of equipment includes an amount of £Nil (2022/23 – £Nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £Nil (2022/23 – £Nil).

## 10 Trade and other receivables

| | College 2024 £'000 | College 2023 £'000 |
|---|---|---|
| Amounts falling due within one year: | | |
| Trade receivables | 421 | 582 |
| Prepayments and accrued income | 863 | 746 |
| Other debtors | 647 | 564 |
| Amounts owed by the ESFA | 1,027 | 661 |
| **Total** | **2,958** | **2,553** |

The total value of debts written off in year are £0 (2022-23; £91,000)

## 11 Creditors: amounts falling due within one year

| | College 2024 £'000 | College 2023 £'000 |
|---|---|---|
| Bank loans and overdrafts | 401 | 368 |
| Trade payables | 2,228 | 1,215 |
| Other Creditors | 503 | 1,287 |
| Other taxation and social security | 931 | 681 |
| Accruals and deferred income | 2,617 | 2,186 |
| Deferred income - government capital grants | 1,357 | 1,206 |
| Deferred income - government revenue grants | - | 225 |
| **Total** | **8,037** | **7,168** |

## 12 Creditors: amounts falling due after one year

| | College 2024 £'000 | College 2023 £'000 |
|---|---|---|
| Bank loans | 7,336 | 7,718 |
| Deferred income - government capital grants | 40,202 | 34,704 |
| **Total** | **47,538** | **42,422** |

## 13 Maturity of debt

### (a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

| | College 2024 £'000 | College 2023 £'000 |
|---|---|---|
| In one year or less | 401 | 368 |
| Between one and two years | 736 | 401 |
| Between two and five years | 1,903 | 1,846 |
| In five years or more | 4,697 | 5,471 |
| **Total** | **7,737** | **8,086** |

The College has several long term loans. The first (Lloyds) of £2,635,000 is repayable at 4.725% by instalments falling between September 2010 and August 2034. The second (Lloyds) is for £2,365,000 and is repayable at 6.23% by instalments between August 2012 and August 2034. The third (Lloyds) is for £1,000,000 repayable over twenty years committed until 1 August 2025. The Fourth (RBS) of £5,400,000 is repayable at 2.25% above the banks base rate committed to until 1 December 2037.

Three of the loans are with Lloyds Bank PLC and one with RBS. The College holds the freehold to the following properties. Lower Bond Street, Hinckley which has a carrying value of £8,917,065 and North Warwickshire and Hinckley College, Hinckley Rd, Nuneaton which has a carrying value of £10,711,770. These two properties are detailed as the NWHC property. South Leicestershire College, Blaby Rd, Wigston, LE18 4PH which has a carrying value of £28,539,323. This property is detailed as the SLC property. The security for the loans ranks as follows. In respect of the NWHC Property, First - Lloyds, Second - RBS, Third - Secretary of State for Education. In respect of the SLC property First - RBS, Second - Lloyds, Third - Secretary of State for Education. If the College were to default on loan payments these assets could be taken as a charge. The College has never made such defaults in the past and anticipates being able to make all future payments as they fall due.

## 14 Provisions

| | Enhanced pensions | College Total |
|---|---|---|
| | £'000 | £'000 |
| At 1 August 2023 | 147 | 147 |
| Expenditure in the period | - | - |
| Released to the Statement of Comprehensive Income | (147) | (147) |
| **At 31 July 2024** | **0** | **0** |

The enhanced pension provision related to the cost of staff who have already left the College's employment. This is a closed cohort of a small number of ex staff which will never be added to. The College no longer deemed it an appropriate indicator of future liabilities as the age profile of the individuals provided for has progressed so much since the provision was set up. A more reliable estimate of future liability is to absorb costs as they become due each quarter in the College I&E.

## 15 Cash and cash equivalents

| | At 1 August 2023 | Cashflow of the entity | Acquisition/ disposal of subsidiaries | New finance leases | Other non-cash changes | Recognition of Changes in the market value and exchange rate movement | At 31 July 2024 |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | | | | £'000 | £'000 |
| Cash and cash equivalents | 3,284 | (1,856) | - | - | - | - | 1,428 |
| Overdrafts | - | - | - | - | - | - | - |
| Loans falling due within one year | - | (401) | - | - | - | - | (401) |
| Loans falling due after more than one year | - | (7,336) | - | - | - | - | (7,336) |
| Finance lease obligations | - | - | - | - | - | - | - |
| **Total** | **3,284** | **(9,593)** | **-** | **-** | **-** | **-** | **(6,309)** |

## 16 Capital commitments

| | 2024 | College 2023 |
|---|---|---|
| | £'000 | £'000 |
| Commitments contracted for at 31 July | 3,477 | 1,734 |

## 17 Lease Obligations

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

| | College 2024 £'000 | College 2023 £'000 |
|---|---|---|
| **Future minimum lease payments due** | | |
| **Land and buildings** | | |
| Not later than one year | 232 | 231 |
| Later than one year and not later than five years | 216 | 433 |
| later than five years | | - |
| | 448 | 664 |
| **Other** | | |
| Not later than one year | 111 | 198 |
| Later than one year and not later than five years | 42 | 97 |
| later than five years | | - |
| | 153 | 295 |
| Total lease payments due | 601 | 959 |

## 18 Contingent liabilities

There are no material contingent liabilities requiring disclosure as at 31st July 2024

## 19 Events after the reporting period

None

## 20 Defined benefit obligations

The College's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and two Local Government Pension Schemes (LGPS) for non-teaching staff, one of which is managed by Warwickshire County Council and the other by Leicestershire County Council. All are multi-employer defined-benefit plans.
The pension costs are assessed in accordance with the advice of independent qualified actuaries.

| **Total pension cost for the year** | | **2024 £'000** | | **2023 £'000** |
|---|---|---|---|---|
| Teachers Pension Scheme: contributions paid | | 2,041 | | 1,668 |
| Local Government Pension Scheme: | | | | |
| Contributions paid | 2,223 | | 1,605 | |
| FRS 102 (28) charge | (508) | | 381 | |
| Charge to the Statement of Comprehensive Income | | 1,715 | | 1,986 |
| Enhanced pension charge to Statement of Comprehensive Income | | - | | - |
| **Total Pension Cost for Year within staff costs** | | **3,756** | | **3,654** |

**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 education establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

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

## 20 Defined benefit obligations (continued)

### Teachers' Pension Scheme (Continued)

As a result of the valuation, new employer contribution rates will rise to 28.68% from April 2024 (compared to 23.68% during 2022/23).

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

The pension costs paid to TPS in the year amounted to £2,041,000 (2023: £1,668,000).

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Leicestershire County Council (LCC) and Warwickshire County Council (WCC). The total contribution made for the year ended 31 July 2024 was £2,800,000, of which employer's contributions totalled £2,223,000 and employees' contributions totalled £577,000. The agreed contribution rates for future years are 23.8% for both WCC and LCC for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

### Principal Actuarial Assumptions

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. As two LGPS schemes are being reported on where the figures are not common the WCC figure will be quoted first followed by the LCC equivalent.

| | At 31 July 2024 | At 31 July 2023 |
|---|---|---|
| Rate of increase in salaries | 3.75%,3.25% | 4.00%,3.50% |
| Future pensions increases | 2.75% | 3.00% |
| Discount rate for scheme liabilities | 5.00% | 5.05% |
| Inflation assumption (CPI) | 2.75% | 3.00% |
| Commutation of pensions to lump sums | 65.00%, 55.00% | 65.00%, 55.00% |

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 | At 31 July 2023 |
|---|---|---|
| | years | years |
| *Retiring today* | | |
| Males | 20.2,21.3 | 20.3,21.4 |
| Females | 23.8,24.0 | 23.9,24.0 |

**20 Defined benefit obligations (continued)**

**Local Government Pension Scheme (Continued)**

| | | |
|---|---|---|
| *Retiring in 20 years* | | |
| Males | 21.5,21.2 | 21.6, 21.3 |
| Females | 25.3,25.2 | 25.3, 25.2 |

| **Sensitivity analysis** | **At 31 July 2024 £'000** | **At 31 July 2023 £'000** |
|---|---|---|
| Discount rate -0.1% | 1,256 | 1,200 |
| Salary Increase Rate +0.1% | 39 | 85 |
| Pension Increase Rate +0.1% | 1,242 | 1,136 |
| 1 Year Increase in member life expectancy | 2,527 | 2,409 |

The College's share of the assets in the plan 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 | 5.00% | 41,025 | 5.05% | 43,330 |
| Debt instruments | 5.00% | 25,658 | 5.05% | 20,335 |
| Property | 5.00% | 13,857 | 5.05% | 10,419 |
| Cash | 5.00% | 2,389 | 5.05% | 926 |
| **Total fair value of assets** | | **82,929** | | **75,010** |
| **Actual return on plan assets** | | **3,078** | | **(2,413)** |

**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 | 82,929 | 75,010 |
| Present value of plan liabilities | (63,175) | (60,229) |
| Present value of unfunded liabilities | - | - |
| Impairment of surplus | (19,754) | (14,781) |
| **Net pensions (liability) (Note 20)** | **-** | **-** |

**Enhanced pension benefits**

| | **Group and College** | |
|---|---|---|
| | **2024 £'000** | **2023 £'000** |
| At 1 August | 147 | 171 |
| Expenditure in the period | | (19) |
| Transferred from income and expenditure | (147) | (5) |
| **At 31 July** | **0** | **147** |

The enhanced pension provision related to the cost of staff who have already left the College's employment. This is a closed cohort of a small number of ex staff which will never be added to. The College no longer deemed it an appropriate indicator of future liabilities as the age profile of the individuals provided for has progressed so much since the provision was set up. A more reliable estimate of future liability is to absorb costs as they become due each quarter in the College I&E.

## 20 Defined benefit obligations (continued)

### Local Government Pension Scheme (Continued)

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

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Amounts included in staff costs** | | |
| Current service cost | 1,715 | 1,986 |
| Past service cost | - | - |
| **Total** | **1,715** | **1,986** |
| **Amounts included in investment income** | | |
| Net interest income | (759) | (166) |
| | **(759)** | **(166)** |
| **Amounts recognised in Other Comprehensive Income** | | |
| Changes in demographic assumptions | 127 | 885 |
| Return on pension plan assets | 3,078 | (2,413) |
| Experience losses arising on defined benefit obligations | (2,036) | (5,737) |
| Changes in assumptions underlying the present value of plan liabilities | 2,537 | 17,331 |
| Amount recognised in Other Comprehensive Income | **3,706** | **10,066** |

**Movement in net defined benefit asset during the year**

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Net defined benefit asset in scheme at 1 August | 14,781 | 4,930 |
| Movement in year: | | |
| Current service cost | (1,715) | (1,986) |
| Employer contributions | 2,223 | 1,605 |
| Past service cost | - | - |
| Net interest on the defined asset | 759 | 166 |
| Actuarial gain or loss | 3,706 | 10,066 |
| Derecognition of surplus | (19,754) | (14,781) |
| **Net defined benefit (liability) at 31 July** | **-** | **-** |

## 20 Defined benefit obligations (continued)

### Local Government Pension Scheme (Continued)

**Asset and Liability Reconciliation**

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Changes in the present value of defined benefit obligations** | | |
| **Defined benefit obligations at start of period** | 60,229 | 70,190 |
| Current Service cost | 1,715 | 1,986 |
| Interest cost | 3,055 | 2,470 |
| Contributions by Scheme participants | 577 | 440 |
| Experience gains and losses on defined benefit obligations | 2,036 | 4,918 |
| Changes in financial assumptions | (2,537) | (17,331) |
| Estimated benefits paid | (1,773) | (1,559) |
| Changes in demographic assumptions | (127) | (885) |
| Curtailments and settlements | | |
| **Defined benefit obligations at end of period** | **63,175** | **60,229** |
| **Changes in fair value of plan assets** | | |
| **Fair value of plan assets at start of period** | 75,010 | 75,120 |
| Interest on plan assets | 3,814 | 2,636 |
| Return on plan assets | 3,078 | (2,413) |
| Employer contributions | 2,223 | 1,605 |
| Contributions by Scheme participants | 577 | 440 |
| Other experience | - | (819) |
| Estimated benefits paid | (1,773) | (1,559) |
| **Fair value of plan assets at end of period** | **82,929** | **75,010** |

The actuarial reports in terms of the LGPS pension schemes suggest a surplus of assets over liabilities of £19,754,000. In accordance with FRS102, a pension scheme asset is only recognised to the extent that it is recoverable. As the College cannot demonstrate that this asset is recoverable via a cash payment or reduction in future premiums it has not been recognised in the primary statements. A zero position has been reflected.

## 21 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. The total expenses paid to or on behalf of Governors during the year was £0 (2022/23 £0). 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 college or its subsidiaries during the year (2023: £0).

**Midland Academies Trust**

The College had a formal relationship with the Midland Academies Trust as its sponsor in 2023-24. However, during 2023-24 all four Academies in the Trust were re-brokered to United Learning and the College ceased being the sponsor. This was effective from 1st December 2023.

During 2023-24, the Trust comprised of four Academies (George Eliot, The Nuneaton Academy, Hartshill, and Heath Lane). The College, as sponsor, supplied support to the Trust on a consultancy basis. The charges were reduced significantly from the prior year as the College only provided them up to 30th November 2023 due to the re-brokerage to United Learning referenced above.

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Inspire (Alternate Provision) | 64 | 199 |
| Finance Support | 124 | 175 |
| Clerking, Legal and Sponsor Support | 123 | 204 |
| HR and Payroll Support | 57 | 114 |
| Estates Support | 55 | 134 |
| HR and Finance Software | 0 | 49 |
| IT Support (including reprographics) | 136 | 311 |
| Chaplaincy Services | 0 | 7 |
| Marketing Services | 44 | 30 |
| General Support | 0 | 124 |
| | 603 | 1347 |

## 22 Amounts disbursed as agent

**Learner support funds**

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Carried Forward | | - |
| 16-18 bursary grants | 1026 | 938 |
| Other Funding body grants | | - |
| Interest earned | - | - |
| | 1,026 | 938 |
| Disbursed to students | (1,058) | (906) |
| Administration costs | (33) | (32) |
| Overspent | 65 | - |
| Balance unspent as at 31 July | - | - |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income. The overspend in year is due to an exceptional high number of learners in need of bursary support.