NORTH WARWICKSHIRE AND SOUTH LEICESTERSHIRE COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31ST JULY 2025

Contents **Page**

Reference and administrative details **3**

Strategic Report **4**

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

Statement of Regularity, Propriety and Compliance **29**

Statement of the Responsibilities of the Members of the Corporation **30**

Independent Auditor's Report on the Financial Statements **32**

Independent Reporting Accountant's Report on Regularity **35**

Consolidated Statement of Comprehensive Income and Expenditure **37**

Consolidated Statement of Changes in Reserves **38**

Balance Sheets **39**

Consolidated Statement Cash Flows **40**

Notes to the Financial Statements **41**

Reference and Administrative Details

Corporation Members

S Adcock (appointed 11th April 2025)

S Barnett

C Benham

M Deakin (resigned 31st July 2025)

S Dover

J Essex

H Holley

M Kavanagh

M Ketley

S Kirby (reappointed 24th January 2025)

R Linforth

A Majithia

J Marwaha

S Maxey

M Plant

N Prosser

C Read

L Robinson

N Simkins (Audit Committee co-optee)

J Stanley (resigned 24th March 2025)

R Suart

A Turner

Clerk to the Corporation	Rachel Marshall

Senior management team

Marion Plant	Principal and Chief Executive Officer
Paul Joyce	Deputy Principal
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
	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 2025.

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 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 20.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides 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 its courses 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 2024-25 were:

- **Achieve an operating surplus (pre Local Government Pension transactions) of £404,000.** The actual operating position is a surplus of £202,000 (a surplus of £123,000 after restructuring costs).

- **To comply with its bank covenants**. The College has three bank covenants that were applicable as at 31st July. All were compliant at year end albeit the third covenant isn't officially measured until the financial statements are signed off. The College breached one of its covenants within the academic year. The College received reservation of rights letters from both of the banks that it has loans with (Lloyds and RBS). The College is confident that it will secure the appropriate documentation that it would require from both banks to either waive or not measure the in year breach. Both banks are supportive and no loans have been called in.

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

FINANCIAL POSITION

In 2024-25 the College continued to operate against an uncertain backdrop both nationally and globally. Core inflation continued to be high and energy prices did not return to pre 2022-23 levels. There was also a relatively new government, and a technical change with the ESFA moving into the DfE. There were several material grants and associated costs in the year. These were, for varying amounts of time, unconfirmed both in terms of amount and timing of payment. That context is worth setting out in terms of the financial results achieved.

The College generated an operating surplus before The Local Government Pension transactions, staff restructuring costs and student support extra costs of £1,484,000 (2023-24: surplus of £1,410,000), with total comprehensive income of £123,000 (2023-24: £143,000) and an operating surplus of £202,000. 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 £1,484,000. However, the following items should be excluded;

- The Local Government Pension adjustment – £1,361,000 benefit.
- Restructuring costs - £79,000.

Taking these items into account the College's underlying trading position was a surplus of £202,000.

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 2023-24 and now for 2024-25. 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 2024-25. 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.

During the year the College purchased £6,657,000 of tangible fixed assets (£8,372,000 in 2023-24). These included decarbonisation works, the implementation of new T-Level teaching areas and various energy efficiency measures. The amount continues to be high 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

At 31st July 2025, the College held a general reserve of £20,726,000 (£20,603,000 in 2023-24) which includes a pension reserve of £0.

The College had cash reserves of £1,044,000 (2023-24: £1,428,000). The College has outlined in the further development section how this cash reserves will improve in 2025-26.

At the end of 2024-25, the College financial health rating was “good” based on the latest submission to the DfE in July 2025. This is yet to be externally verified.

The College generated a net operating cash outflow in 2024-25 of (£384,000) (2023-24: (£1,856,000)). 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 2025-26 and 2026-27.

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 2024/25 the DfE funding body provided 79% 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 2024-25 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 £13,177,000. Current assets exceed the reserves policy target which has been set by the College and agreed by Audit Committee at a minimum level of £1,933,125.

Future Developments

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

The College will see its cash position improve markedly in 2025-26. 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 re-invested into the College estate. Significant cost has been incurred up front for this project 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 2024-25 and 2025-26 (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 Skills Fund (formerly Adult Education Budget) DfE contract in 2024-25 which will see funds over and above the allocation payable. It is anticipated that 110% of the allocation will be delivered, the maximum funded amount.

The collaboration with Coventry University is ongoing with the two entities continuing to work closely to formalise structures and realise student benefits and cost savings.

The College's three year plan 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 2024-25 and were actively engaged in agreeing a way to conclude the issue without an unfavourable outcome for the College.

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.

Streamlined Energy and Carbon Reporting

The College greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2025 UK Government's Conversion Factors for the College Reporting are as follows:

UK Greenhouse gas emissions and energy use data for the period	**2024-25**	**2023-24**
Energy consumption used to calculate emissions (kWh)	5,728,945	6,969,221
Energy consumption break down (kWh)		
• gas	3,006,267	4,292,660
• electricity	2,706,354	2,630,228
• transport fuel	16,324	46,333
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	550.03	789.29
Owned transport – mini-buses	3.9	9.19
Total Scope 1	**553.93**	**798.48**
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	**479.02**	**613.21**
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	30.8	1.73
Total gross emissions in metric tonnes CO2e	**1063.75**	**1413.42**
Intensity ratio Metric Tonnes CO2e per student	0.21	0.22

Intensity ratio

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

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

- The setting up of a "Green Committee" to set strategy, monitor progress and generally advance the College's sustainability ambitions.
- Development of College's Carbon Management Plan and appointment of sustainability officer whose dedicated responsibility will be to drive sustainable progress.
- Upgrades to BMS systems across campuses to ensure energy efficiency.
- Solar panels to harness additional low carbon power
- Continued reduction of 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

Overview

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 £7.26m 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. Two of the loans with Lloyds are term loans with a payment profile of 20 years to 2034. The third loan was repaid in full in August 2025 to the value of £417k.

The College was compliant with its covenants measurable at 31st July 2025 as shown below. The College has been compliant with all covenants measured as at the date the accounts will be signed in 2025-26. Compliance certificates have been issued to both banks for quarter one, measured at the end of October 2025. Forecasts looking forward show this will continue to be the case.

Covenants met as at 31st July 2025:

- **Cash Reserves** - to maintain a minimum cash balance of £500k in Feb and Mar 2025, and £1m 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 3.75. The actual ratio was 3.72.

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 2025, the College held total reserves of £20,726,000 which includes a pension reserve of £0. The College had cash reserves of £1,044,000 (2023-24: £1,428,000).

The College generates a three-year Medium-Term Business Plan (MTBP) each year. The latest MTBP extends out to 2026-2027. 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 operated against a backdrop of continued high inflation which was in excess of the Bank Of England target. 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.

In November 2024 the college was inspected by Ofsted and judged to be “Good” for Overall Effectiveness. Inspectors judged all aspects of the college to be at least good with Behaviour and Attitudes judged to be “Outstanding”. The college’s contribution to meeting skills needs was judged as “strong”, the highest rating attainable for this aspect of the inspection framework. Gaining this rating will enable the College to significantly increase its income and diversification within the skills landscape.

The main risks inherent in the College cash flow centre on income generation and therefore learner recruitment. The increase in funding confirmed for 2025-26 as a result of strong recruitment in 2024-25 was approximately £4m.

In addition to this recruitment in 2025-26 will clearly meet the criteria for an in year growth case which would generate approximately £500k extra cash in 2025-26 (subject to DfE affordability).

This healthy recruitment would also mean increased funding in 2026-27 diminishing the risk to the income projection for that year as current estimates are that the number of learners recruited would generate approximately £1m in extra funding.

The government announced in 2024-25 that Employer National Insurance increases in Colleges would be partially funded. The College received £449k in September 2025 as a result of this.

The employer contribution rate for The Local Government Pension Scheme (LGPS) in which the College has most members (Warwickshire) was reduced from 23.8% to 12.4% in April 2025. This rate has now been confirmed until 2030.

The employer contribution rate for the Leicestershire LGPS has also been confirmed as reducing from 23.3% to 14% with effect from April 2026.

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.

Risks

The factors above demonstrate a positive outlook for the College. However, this has to be balanced by recognising that in terms of cash flow the College faces multiple risks.

The College operates on a multi-site basis and the condition of those sites means that unforeseen expenditure to maintain an appropriate learning environment cannot be discounted.

Most of the Colleges significant income streams are contract based which provides certainty. However, several commercial and project led income streams are based on in year enrolment or activity which creates a risk.

With such a breadth of delivery and a large staff base extra costs in relation to agency teaching or support cannot be ruled out, especially against the backdrop of a predicted surge in flu this winter.

There is also an overriding risk that should any of these factors crystallise the College could breach its bank covenant relating to cash reserves and would have to seek support from the banks in relation to this. Both banks have been, and remain, very supportive of the College.

Both banks are in receipt of the College's Medium Term Business Plan and are also given all monthly performance reports and cash flow projections as they are produced.

Risk Mitigation

It is important to note that the College recognises these risks and has mitigating actions in place should they arise

The estate has been managed over a number of years in its current condition. Upgrades have been made with the support of recent grant funding made available by the government and areas that require further investment are being prioritised.

Commercial income is assessed for risk on an ongoing basis and formally at each quarterly reforecast. Most of the income has correlating cost associated to it which enables rationalisation without impacting the overall surplus materially.

The College analyses utilisation of staff and in most cases can cover absences without incurring significant cost. Heads of Department are aware that cover from existing staff is the first option to be deployed.

Going Concern Assessment

Taking account of all of the items above the College has a cash flow forecast which demonstrates adequate resources going forward and the ability to meet its covenants and obligations as they fall due.

However, it is acknowledged that within the cash flow projections there is little room for slippage in terms of meeting the cash held covenant which requires £1m to be held at the end of each month.

Several risks have been identified that could reduce or negate the headroom the College is currently predicting in excess of the £1m cash held mark.

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the College's ability to continue as a going concern.

For clarity, the College does not expect to breach the covenant as is also reflected in the cash flow projections prepared by management however management accept that a slippage in cash inflows and outflows could cause a breach in the covenants.

Whilst Governors recognise the uncertainty highlighted it is anticipated that the College remains a going concern with 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

The college has continued to enhance its curriculum offer and to improve performance during this reporting year. In November 2024 the college was inspected by Ofsted and judged to be “Good” for Overall Effectiveness. Inspectors judged all aspects of the college to be at least good with Behaviour and Attitudes judged to be “Outstanding”. The college’s contribution to meeting skills needs was judged as “strong”, the highest rating attainable for this aspect of the inspection framework.

The successful inspection outcome, where inspectors agreed with the college’s self-assessment of performance, is testament to the hard work and dedication of both staff and students. The inspection report describes a very inclusive, welcoming college that provides high quality education and training in a supportive and safe environment. It confirms that we our preparing students and apprentices to meet skills demand, and that we are achieving this key strategic objective.

The quality of teaching, the effectiveness of student support services and the positive student experience are key strengths of the college. Staff and student satisfaction levels are high. For the sixth consecutive year, results from the National Student Survey (NSS) place the college as one of the highest performers for student satisfaction with results significantly above national averages.

The quality of teaching, learning and assessment continues to be a key focus and strategic priority. Through high quality teaching and a comprehensive range of support services our students and apprentices make good progress. The majority achieve the qualifications on which they enrol. In addition, and because of our comprehensive personal development programme, students are well prepared for their next steps. Most of our students’ progress to positive destinations including to employment or to higher level study.

College performance for the 2024/25 academic year is expected to show an increase in overall achievement rates compared to the previous year. This will be the third consecutive year that overall achievement rates have increased and will see most performance indicators in the college at or above levels of the sector nationally. Achievement rates are expected to improve across 16-19, adult and apprenticeship programmes.

During 2024/25 we continued to support students that are required to study English and/or maths as a condition of funding. The proportion of students needing to study English and/or maths because they did not achieve a GCSE grade 4 has increased compared to the previous year. We expect students studying English and/ or maths to make positive progress during their time with us and to improve their English and maths knowledge and skill.

We do expect the achievement rate for grades 4 to 9 in GCSE English to remain below the comparator national rate and we recognise the need to revisit our approach to improve performance in this area. We eagerly await the anticipated Curriculum and Assessment Review (CAR) recommendation that is expected in relation to the national resit policy.

We continue to offer a wide range of courses to meet the needs of the communities we serve. We have further developed our 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 courses in most subject sector categories and from pre-entry to level 6. Our course offer is responsive to local needs and meets the needs of employers, students and community groups. We remain committed to meeting our strategic ambition to meet skills demands through a collaborative and creative curriculum.

Recruitment to courses is strong with the overall number of enrolments increasing significantly compared to last year. These increases included continued expansion of our successful T level provision, an increase in the number of supported internships and in the proportion of students with special education needs and/or disabilities. Overall, the number of 16–18-year-olds and the number of adult students increased when compared to the previous year. In 2025/26 we intend to grow our apprenticeship provision and our commercial activity by offering more bespoke full cost provision to employers.

During 2024-25, the College worked with several significant national employers, most notably Jaguar Land Rover, Bentley Motors and Norton Motorcycles to develop bespoke training programmes in response to the electrification agenda. We also work with a wide and diverse range of other employers across our curriculum areas where they contribute to curriculum design and delivery and provide valuable work experience or work-related learning opportunities for our students.

We continue to have strong links with our university partners and have further expanded our 14-16 offer with local schools and local authorities. We maintain positive and productive working relationships with all key stakeholders including Chambers of Commerce, devolved authorities and with local and borough councils. The College continues to plan for a new build project as part of the Nuneaton Town redevelopment programme and looks forward to offering courses from a new learning hub in the town centre.

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 2024 to 31 July 2025, the College paid 22 per cent of its invoices within 30 days. Allowing for acceptable workflow delays, 71 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 22% is relatively low is that the College continues to enforce 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 DfE 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 November 2024 the college was inspected by Ofsted and judged to be "Good" for Overall Effectiveness. Inspectors judged all aspects of the college to be at least good with Behaviour and Attitudes judged to be "Outstanding". The college's contribution to meeting skills needs was judged as "strong", the highest rating attainable for this aspect of the inspection framework.

The financial health of the College is assessed via a suite of prescribed DfE 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 2024-25 is shown below.

KPI	Target	Achieved
Student Attendance	90%	83%
Lesson observations complete	100%	100%
Staff utilisation	97%	87%
Student retention	91.5%	89.9%
Operating surplus/(deficit)	£404k	£202k
Staff sickness	3.75%	4.02%

The College now employs student attendance staff. The College's MTBP forecasts that operating surpluses in 2025-26 will move back in line with the target based on significantly improved recruitment. 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 2025
Mean gender pay gap	15.83%
Median gender pay gap	19.23%
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	20%	80%
2	24%	76%
3	34%	66%
4 – Upper quartile	44%	56%

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	£26,216
Total pay bill	£23,705,988
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 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 and are 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 £20,726,000(2023-24; £20,603,000) of net Assets including a £0 pension liability (£0 at 31st July 2024), and long term debt of £7,261,000 (2023-24; £7,737,000).

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 2024-25 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 783 (2023-24;755) people (expressed as average headcount).

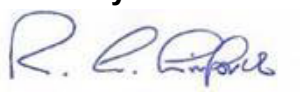
Reputation

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 relationships with employers, 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 11th December 2025 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 annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2024 to 31st July 2025 and up to the date of approval of the annual report and financial statements.

Governance Code

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); and
- in full accordance with the guidance to Colleges from the FE Code of Good Governance ("the Code").

In the opinion of the Members, the College complies with all the provisions of the Code, and has complied throughout the year ended 31st July 2025. This opinion is based on an internal review undertaken against the Code and presented to the People, Strategy & Governance Committee on 16th October 2025 and the Corporation on 11th December 2025, and the external board 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 FE Code of Good Governance issued by the AoC in March 2015 which it formally adopted on 25th June 2015, on the basis it comprehensively reflects the Corporation's legal structure, operations and stakeholders. The Corporation approved the adoption of the new Further Education Governance Code at its meeting on 6th July 2023 for implementation as from 1st August 2023 (and as updated in 2025). The Corporation has complied with that Code during 2024/25.

The Corporation

Members who served during the year and to the date of signature of this report are as listed in the table below:

Name	Appointment	Term of Office	Tenure End / Resignation	Status	Committees Served 2024/25	Overall Att. 2024/25
Mrs S Adcock	11/04/25	4 years to 31/07/29	-	Staff	SLQ	50%
Mrs S Barnett	28/5/24 03/07/25	1 year* to 31/07/25 4 years to 31/7/29	31/07/25	External	SLQ	80%
Mr C Benham	28/5/24 03/07/25	1 year* to 31/07/25 4 years to 31/7/29	31/07/25	External	FGP	88%
Miss M Deakin	05/02/24 04/07/24	1 year* to 31/7/24 1 year* to 31/7/25	31/7/24 31/07/25	Student	SLQ	63%
Mr S Dover	14/12/23 04/07/24	1 year* to 31/7/24 4 years to 31/7/28	31/07/24	External	FGP	82%
Mrs J Essex	08/05/24 03/07/25	1 year* to 31/7/25 4 years to 31/07/29	31/07/25	External	SLQ	88%
Mrs H Holley	11/05/20 08/07/21 03/07/25	1 year* to 31/07/21 4 years to 31/07/25 4 years to 31/07/29	31/07/21 31/07/25	External	Audit	90%

Name	Appointment	Term of Office	Tenure End / Resignation	Status	Committees Served 2024/25	Overall Att. 2024/25
Mrs M Kavanagh	28/05/24 03/07/25	1 year* to 31/07/25 4 years to 31/07/29	31/07/25	External	Audit	78%
Mrs M Ketley	02/07/24 03/07/25	1 year* to 31/07/25 4 years to 31/07/29	31/07/25	External	FGP	75%
Mr S Kirby	08/07/21 05/07/22 24/01/25	1 year to 31/07/22 4 years to 31/07/26 4 years to 31/07/29	31/07/22 19/01/24	External	SLQ	80%
Prof R Linforth	01/08/16 01/08/17 08/07/21 03/07/25	1 year 31/07/17 4 years to 31/07/21 4 years to 31/07/25 1 year to 31/07/26	31/07/17 31/07/21 31/07/25	External	PSG / SLQ	93%
Mr A Majithia	26/06/17 12/07/18 05/07/2022	1 year to 31/07/18 4 years to 31/07/22 4 years to 31/07/26	31/07/18 31/07/22	External	Audit	83%
Mr J Marwaha	28/05/24 03/07/25	1 year* to 31/07/25 1 year to 31/07/26	31/07/25	External	Audit	89%
Mr S Maxey	04/10/21 05/07/22	1 year to 31/07/22 4 years to 31/07/26	31/07/22	External	FGP	75%
Ms L Newitt	30/09/20 08/07/21 05/07/22 06/07/23 04/07/24	1 year to 31/07/21 1 year to 31/07/22 1 year to 31/07/23 1 year to 31/07/24 1 year to 31/07/25	31/07/21 31/07/22 31/07/23 31/07/24 31/07/25	Co-optee	SLQ	33%
Mrs M Plant	03/04/04	Ex-officio Principal & Chief Executive	-	Principal	PSG / SLQ / FGP	100%
Mrs N Prosser	02/07/24	1 year to 31/07/25 4 years to 31/07/29	-	External	-	100%
Mr C Read	01/08/17 01/08/18 01/08/22	1 year to 31/08/18 4 years to 31/07/22 4 years to 31/07/26	31/08/18 31/07/22	External	FGP / PSG	82%
Mr L Robinson	13/11/23 04/07/24	1 year* to 31/07/24 4 years to 31/07/28	31/07/24	External	-	67%
Mr N Simkins	05/07/22 06/07/23 04/07/24 03/07/25	1 year to 31/07/23 1 year to 31/07/24 1 year to 31/07/25 1 year to 31/07/26	31/07/23 31/07/24 31/07/25	Co-optee	Audit	75%

Name	Appointment	Term of Office	Tenure End / Resignation	Status	Committees Served 2024/25	Overall Att. 2024/25
Mr J Stanley	22/03/23	4 years to 31/07/27	24/03/25	Staff	SLQ	100%
Dr R Suart	02/08/22 06/07/23	1 year to 31/07/23 4 years to 31/07/27	31/07/23	External	SLQ	100%
Dr A Turner	23/01/20 08/07/21 30/06/25	1 year to 31/07/21 4 years to 31/07/25 4 years to 31/07/29	31/07/21 31/07/25	External	SLQ	100%

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

Key:

SLQ:	Students Learning & Quality Committee	**FGP:**	Finance & General Purposes Committee
PSG:	People, Strategy & Governance Committee	**Audit:**	Audit Committee

Mrs R Marshall acts as Clerk to the Corporation.

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 2024/25 the Corporation met on five occasions. All meetings were held in person at College campuses, with the option for Members to attend via Microsoft Teams 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 2024/25: Audit, People Strategy & Governance, Finance and General Purposes 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 College's 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 Corporation 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 undertook its annual self-assessment of its own performance for the year ended 31st July 2025 and graded itself as 'Good' on the Ofsted scale.

The Corporation is committed to development, and Members undertook the following development activities during 2024/25:

- Updating themselves on the amendments to the Keeping Children Safe in Education Guidance and undertaking annual online safeguarding and Prevent training.
- Taking a tour of the new estates developments and facilities at the Nuneaton Campus.
- Attending briefings delivered before Corporation meetings on the following matters:
  - Whole College Self-Assessment Report 2023/24 and Quality Improvement Plan 2024/25 incl. the Corporation Self-Assessment Report 2023/24;
  - budget processes;
  - West Midlands & Warwickshire Green Skills Roadmap presentation;
  - annual Cyber-Security Update.
- Student presentations and cohort briefings delivered at Students Learning and Quality Committee meetings:
  - Higher Education including NSS Results and OfS Compliance;
  - Students with High Needs; and
  - English & Maths.
- Undertaking campus learning walks and observing Student Parliaments.
- Newly appointed Members attended induction training sessions delivered by the Clerk to the Corporation and other members of staff on FE and College governance, Safeguarding and Prevent, College finance, and curriculum and quality.
- All Members undertook annual online ETF safeguarding training and EDI training using the College online portal (Cademi).
- Following the evolution of Members' training requirements over a period time, the People, Strategy and Governance Committee approved a paper which provided clarity as to those training requirements going forward.
- Receiving a Principal's briefing update before each Corporation meeting focusing on relevant national, regional, local and College matters.
- Safeguarding, SEND and careers link Members met with the relevant staff leads for those areas.

The Clerk to the Corporation also undertook mandatory College training and the following development activities during 2024/25: GDPR podcasts, AoC Clerks' Midlands Network meetings, AoC Midlands DPO Network meetings and Governance Professionals' Continuing Support Sessions. The Clerk also attended all Members' briefings and presentations.

People Strategy & Governance Committee

Throughout the year ending 31st July 2025, 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.

The Corporation adopted the AoC's Senior Staff Remuneration Code in 2019 and continued to ensure that it complied 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 2025 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprised four 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 Scope Of Work Of Audit Committees and Internal Auditors in College Corporations and the College Accounts Direction.

The Audit Committee met on four occasions in the year to 31st July 2025 and was quorate on each occasion. The Committee provided a forum for reporting by the College's internal auditors 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 the internal audit service undertakes periodic follow-up reviews to ensure those 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	4	4
Mrs M Kavanagh	4	4
Mr A Majithia	3	4
Mr J Marwaha	4	4
Mr N Simkins	3	4

Finance and General Purposes Committee

The Finance and General Purposes Committee comprised seven Corporation Members. The Committee operated in accordance with written terms of reference approved by the Corporation. The Committee met on three 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 ten Corporation members, including the Staff and Student Members, and a co-optee. The Committee operated in accordance with written terms of reference approved by the Corporation. The Committee met on three 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, 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 based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage the efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31st July 2025 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 2025 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 DfE's College Finance Handbook. The work of the Internal Audit Service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At a minimum, annually, Internal Audit (IA) provides the governing body with a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

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 2024/25 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 Accountability Agreements

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

The College continues to pay due regard to the College Financial Handbook which was issued on 20th March 2024, and which became effective from 1st August 2024. The College has reviewed its policies, procedures and approval processes in line with the 2024/25 College Finance Handbook and its accountability agreement with the DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required. A review of the FE College Financial Handbook takes place annually, the outcome of which is presented to the Audit Committee at its first meeting of the academic year for scrutiny and overview.

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.

The College underwent an ESFA Assurance Funding Assurance Review conducted by Wbg Services from September to October 2024. The report concluded that in relation to the areas reviewed (the Adult Education Budget, Apprenticeships from May 2017, 16-19 provision, Advanced Learner Loans and Loans Bursary Fund and Subcontracting), the conclusion on the use of funding was satisfactory. One funding error of £316 was identified. No areas of compliance were identified leading to an overall satisfactory funding. The £316 funding error was corrected in the final submission, which was the last return of the year showing in the final recollection there were no errors. All actions identified were implemented.

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 2025 the internal audit opinion for North Warwickshire and South Leicestershire College, based on the work undertaken during the year was 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 2024/25 and up to the date of the approval of the financial statements are:

Internal Audits Undertaken	Opinion	Recommendations
Equality, Diversity and Inclusion Arrangements	Reasonable Assurance	1 low and 3 medium priority management actions
Human Resources Processes - Staff Retention	Substantial Assurance	3 low priority management actions
Key Operational Controls	Substantial Assurance	1 low and 3 medium priority management actions
Higher Education Framework	Substantial Assurance	No management actions
Framework for Compliance with Legal and Regulatory Requirements: Safeguarding and Prevent	Reasonable Assurance	2 low and 2 medium priority management actions
Funding compliance arrangements - bursaries	Reasonable Assurance	4 low and 2 medium priority management actions
Follow-Up (including Cyber-Security Controls - Focused Follow Up)	Reasonable Progress	3 low and 7 medium priority actions.

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 external auditor's audit findings report and other reports.
- The regularity self-assessment questionnaire.

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit 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 2025 meeting, the Corporation carried out the annual assessment for the year ended 31st July 2025 by considering documentation from the senior management team and internal audit and taking account of events since 31st July 2025.

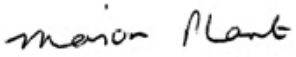
Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources,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

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



R Linforth

Chair of Corporation



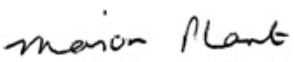
M Plant

Principal and Accounting Officer

Statement of Regularity, Propriety and Compliance

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

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



M Plant

Principal and Accounting Officer

Date: 11.12.2025

Statement of responsibilities of the members of the Corporation

The Members of the corporation are required to present audited financial statements for each financial year.

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

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

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

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

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

The Corporation is responsible for the maintenance and integrity of its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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, DfE and any other public funds, are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions that may be prescribed from time to time by the DfE or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Corporation is responsible for discussing the accounting office's statement of regularity. Propriety and compliance with the accounting officer.

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

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



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 2025 which comprise the Statement of Comprehensive Income and Expenditure, the Statements of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which explains that the College's forecasts indicate a potential breach of its bank covenants during the forecast period. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the College's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the governing bodys' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the governing body with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The governing body 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 Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by the Department for Education requires us to report to you if, in our opinion:

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

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

In our opinion, in all material respects

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

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

- The College's grant and fee income, as disclosed in the financial statements, has been materially misstated; or
- The College's expenditure on access and participation activities 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 the Responsibilities of the Members of the Corporation on page 30, the Governing body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 12/12/2025

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

Independent Reporting Accountant's Report on Regularity to The Corporation of 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 April 2025 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by North Warwickshire and South Leicestershire College during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

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

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

Approach

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

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

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

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

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



MHA
Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 12/12/2025

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

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

	Notes	Year 2025 College £'000	Year 2024 College £'000
INCOME			
Government grants	2	31,265	29,035
Tuition fees and education contracts	3	2,291	2,255
Other grants and contracts	4	1,875	1,528
Other income	5	3,077	2,864
Total income		**38,508**	**35,682**
EXPENDITURE			
Staff costs	6	26,741	23,430
Other operating expenses	7	8,174	8,767
Depreciation	9	2,628	2,301
Interest and other finance costs	8	(519)	(226)
Total expenditure		**37,024**	**34,272**
Surplus before other gains and losses		**1,484**	**1,410**
Gain on investments		**-**	**-**
Surplus before tax		**1,484**	**1,410**
Surplus for the year		**1,484**	**1,410**
Actuarial gain/(loss) in respect of pensions schemes	19	(1,361)	(1,267)
Total Comprehensive Income for the year		**123**	**143**
Represented by:			
Unrestricted comprehensive income		**123**	**143**
		123	**143**

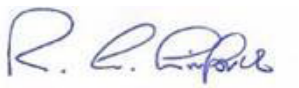
North Warwickshire and South Leicestershire College
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
College			
Balance at 1st August 2023	12,383	8,077	20,460
Surplus from the income and expenditure account	1,410	-	1,410
Actuarial gain/(loss) in respect of pensions schemes	(1,267)	-	(1,267)
Transfers between revaluation and income and expenditure reserves	264	(264)	-
	407	(264)	143
Balance at 31st July 2024	12,790	7,813	20,603
			-
Surplus from the income and expenditure account	1,484	-	1,484
Actuarial gain/(loss) in respect of pensions schemes	(1,361)		(1,361)
Transfers between revaluation and income and expenditure reserves	264	(264)	-
Total comprehensive income for the year	387	(264)	123
Balance at 31 July 2025	**13,177**	**7,549**	**20,726**

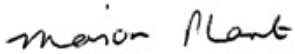
North Warwickshire and South Leicestershire College
Balance sheets as at 31 July 2025

	Notes	College	College
		2025	2024
		£'000	£'000
Non current assets			
Tangible fixed assets	9	75,822	71,792
		75,822	**71,792**
Current assets			
Trade and other receivables	10	3,464	2,958
Investments		-	-
Cash and cash equivalents	14	1,044	1,428
		4,508	**4,386**
Less: Creditors – amounts falling due within one year	11	(10,908)	(8,037)
Net current liabilities		**(6,400)**	**(3,651)**
Total assets less current liabilities		**69,422**	**68,141**
Less: Creditors – amounts falling due after more than one year	12	(48,696)	(47,538)
Provisions			
Defined benefit obligations	19	-	-
Total Net Assets/(Liabilities)		**20,726**	**20,603**
Restricted reserves [list out as appropriate]		-	-
Unrestricted reserves			
Income and expenditure account		13,177	12,790
Revaluation reserve		7,549	7,813
Total unrestricted reserves		**20,726**	**20,603**
Total reserves		**20,726**	**20,603**

The financial statements on pages 37 to 64 were approved and authorised for issue by the Corporation on 11th December 2025 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
Statement of Cash Flows

	Notes	2025 £'000	2024 £'000
Cash inflow from operating activities			
Surplus for the year		1,484	1,410
Adjustment for non cash items			
Depreciation	9	2,628	2,301
Deferred Capital grants released to income		(1,355)	(1,242)
(Increase)/decrease in debtors	10	(506)	(405)
Increase/(decrease) in creditors due within one year	11	2,390	832
Increase/(decrease) in provisions	14	-	(147)
Pensions costs less contributions payable	19	(1,361)	(1,267)
Adjustment for investing or financing activities			
Interest payable	8	476	533
Taxation paid		-	-
Profit on sale of fixed assets		-	-
Net cash flow from operating activities		**3,756**	**2,015**
Cash flows from investing activities			
Payments made to acquire fixed assets	9	(6,657)	(9,733)
		(6,657)	(9,733)
Cash flows from financing activities			
Interest paid	8	(476)	(533)
ESFA capital grants received		3,469	6,744
Repayments of amounts borrowed	13	(476)	(349)
		2,517	5,862
Increase/(Decrease) in cash and cash equivalents in the year		**(384)**	**(1,856)**
Cash and cash equivalents at beginning of the year	15	1,428	3,284
Cash and cash equivalents at end of the year	15	1,044	1,428

Notes to the Financial Statements for the year ended 31 July 2025

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024-25 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

These accounts are prepared on a going concern basis as The Corporation and its members, whilst recognising the material uncertainty highlighted in the financial statements, believe the College has adequate resources to continue in operational existence for the foreseeable future.

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 2025.

Going Concern

Overview

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 £7.26m 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. Two of the loans with Lloyds are term loans with a payment profile of 20 years to 2034. The third loan was repaid in full in August 2025 to the value of £417k.

The College was compliant with its covenants measurable at 31st July 2025 as shown below. The College has been compliant with all covenants measured as at the date the accounts will be signed in 2025-26. Compliance certificates have been issued to both banks for quarter one, measured at the end of October 2025. Forecasts looking forward show this will continue to be the case.

Covenants met as at 31st July 2025:

- **Cash Reserves** - to maintain a minimum cash balance of £500k in Feb and Mar 2025, and £1m 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 3.75. The actual ratio was 3.72.

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 2025, the College held total reserves of £20,726,000 which includes a pension reserve of £0. The College had cash reserves of £1,044,000 (2023-24: £1,428,000).

The College generates a three-year Medium-Term Business Plan (MTBP) each year. The latest MTBP extends out to 2026-2027. 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 operated against a backdrop of continued high inflation which was in excess of the Bank Of England target. 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.

In November 2024 the college was inspected by Ofsted and judged to be “Good” for Overall Effectiveness. Inspectors judged all aspects of the college to be at least good with Behaviour and Attitudes judged to be “Outstanding”. The college’s contribution to meeting skills needs was judged as “strong”, the highest rating attainable for this aspect of the inspection framework. Gaining this rating will enable the College to significantly increase its income and diversification within the skills landscape.

The main risks inherent in the College cash flow centre on income generation and therefore learner recruitment. The increase in funding confirmed for 2025-26 as a result of strong recruitment in 2024-25 was approximately £4m.

In addition to this recruitment in 2025-26 will clearly meet the criteria for an in year growth case which would generate approximately £500k extra cash in 2025-26 (subject to DfE affordability).

This healthy recruitment would also mean increased funding in 2026-27 diminishing the risk to the income projection for that year as current estimates are that the number of learners recruited would generate approximately £1m in extra funding.

The government announced in 2024-25 that Employer National Insurance increases in Colleges would be partially funded. The College received £449k in September 2025 as a result of this.

The employer contribution rate for The Local Government Pension Scheme (LGPS) in which the College has most members (Warwickshire) was reduced from 23.8% to 12.4% in April 2025. This rate has now been confirmed until 2030.

The employer contribution rate for the Leicestershire LGPS has also been confirmed as reducing from 23.3% to 14% with effect from April 2026.

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.

Risks

The factors above demonstrate a positive outlook for the College. However, this has to be balanced by recognising that in terms of cash flow the College faces multiple risks.

The College operates on a multi-site basis and the condition of those sites means that unforeseen expenditure to maintain an appropriate learning environment cannot be discounted.

Most of the Colleges significant income streams are contract based which provides certainty. However, several commercial and project led income streams are based on in year enrolment or activity which creates a risk.

With such a breadth of delivery and a large staff base extra costs in relation to agency teaching or support cannot be ruled out, especially against the backdrop of a predicted surge in flu this winter.

There is also an overriding risk that should any of these factors crystallise the College could breach its bank covenant relating to cash reserves and would have to seek support from the banks in relation to this. Both banks have been, and remain, very supportive of the College.

Both banks are in receipt of the College's Medium Term Business Plan and are also given all monthly performance reports and cash flow projections as they are produced.

Risk Mitigation

It is important to note that the College recognises these risks and has mitigating actions in place should they arise

The estate has been managed over a number of years in its current condition. Upgrades have been made with the support of recent grant funding made available by the government and areas that require further investment are being prioritised.

Commercial income is assessed for risk on an ongoing basis and formally at each quarterly reforecast. Most of the income has correlating cost associated to it which enables rationalisation without impacting the overall surplus materially.

The College analyses utilisation of staff and in most cases can cover absences without incurring significant cost. Heads of Department are aware that cover from existing staff is the first option to be deployed.

Going Concern Assessment

Taking account of all of the items above the College has a cash flow forecast which demonstrates adequate resources going forward and the ability to meet its covenants and obligations as they fall due.

However, it is acknowledged that within the cash flow projections there is little room for slippage in terms of meeting the cash held covenant which requires £1m to be held at the end of each month.

Several risks have been identified that could reduce or negate the headroom the College is currently predicting in excess of the £1m cash held mark.

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the College's ability to continue as a going concern.

For clarity, the College does not expect to breach the covenant as is also reflected in the cash flow projections prepared by management however management accept that a slippage in cash inflows and outflows could cause a breach in the covenants.

Whilst Governors recognise the uncertainty highlighted it is anticipated that the College remains a going concern with 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 - 3 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 - 1-3 years
- Motor vehicles - 5 years
- Plant & Machinery - 5-10 years

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.

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 1.71% 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.

- Determine the useful economic life of assets and as such the appropriate depreciation basis.

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 19, 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 Government grants

	Year ended 31 July 2025 College £'000	Year ended 31 July 2024 College £'000
Recurrent grants		
Education and Skills Funding Agency - adult skills fund	6,374	5,804
Education and Skills Funding Agency – 16 -18	20,715	19,413
Education and Skills Funding Agency - apprenticeships	1,975	1,930
Office for Students	170	183
Specific Grants		
Releases of government capital grants	972	909
Teacher Pension Scheme contribution grant	1,059	796
Total	**31,265**	**29,035**

3 Tuition fees and education contracts

	2025 College £'000	2024 College £'000
Adult education fees	50	111
Fees for FE loan supported courses	566	721
Total tuition fees	616	832
Education contracts	1,675	1,423
Total	**2,291**	**2,255**

4 Other grants and contracts

	2025 College £'000	2024 College £'000
Other Contract Income	1,492	1,195
Non-government capital grants	383	333
Total	**1,875**	**1,528**

5 Other income

	Year ended 31 July 2025 College £'000	Year ended 31 July 2024 College £'000
Catering and residences	234	237
Other income generating activities	363	981
Miscellaneous Income	2,480	1,646
Total	**3,077**	**2,864**

6 Staff costs - College

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

	2025 No.	2024 No.
Teaching staff	316	315
Non teaching staff	467	440
	783	**755**

Staff costs for the above persons

		2025 £'000	2024 £'000
Wages and salaries		20,309	17,905
Social security costs		2,171	1,773
Other pension costs		4,182	3,752
Payroll sub total		**26,662**	**23,430**
Contracted out staffing services		-	-
		26,662	**23,430**
Fundamental restructuring costs -	contractual	79	-
	non contractual	-	-
		26,741	**23,430**

The College paid 8 (2024;0) severance payment in the year disclosed In the following bands:

£0 to £25,000	8	0

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

	2025 No.	2024 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	
	2025 No.	2024 No.	2025 No.	2024 No.
£60,001 to £65,000				3
£65,001 to £70,000			4	4
£70,001 to £75,000			6	2
£75,001 to £80,000				1
£80,001 to £85,000			1	1
£85,001 to £90,000			1	1
£100,001 to £105,000		1	1	
£110,001 to £115,000		1		
£115,001 to £120,000				
£120,001 to £125,000	1			
£210,001 to £215,000		1		
£215,001 to £220,000	1			
	2	**3**	**13**	**12**

6 Staff costs - College

Key management personnel compensation is made up as follows:

	2025 £'000	2024 £'000
Basic salary	373	440
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	32	30
Total key management personnel compensation	**405**	**470**

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:

	2025 £'000	2024 £'000
Basic salary	216	211
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contributions	-	-
	216	211

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

	2025	2024
Principal's basic salary as a multiple of the median of all staff	7.6	7.5
Principal and CEO's total remuneration as a multiple of the median of all staff	7.6	7.5

Compensation for loss of office paid to former key management personnel

	2025 £	2024 £
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 2025 College £'000	Year ended 31 July 2024 College £'000
Teaching costs	1,193	1,351
Non teaching costs	4,366	4,564
Premises costs	2,615	2,852
Total	**8,174**	**8,767**

Other operating expenses include:	**2025 £'000**	**2024 £'000**
Auditors' remuneration:		
Financial statements audit	48	46
Internal audit	50	46
Other services provided by the internal auditors		
Losses on disposal of non current assets		
Hire of assets under operating leases	69	189

8 Interest and other finance costs

	2025 £'000	2024 £'000
On bank loans, overdrafts and other loans:	476	533
	476	533
On finance leases		-
Net interest on defined pension liability (note 19)	(995)	(759)
Total	**(519)**	**(226)**

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 2024	89,493	50	4,866	6,561	100,970
Additions	2,063	-	955	3,639	6,657
At 31 July 2025	**91,556**	**50**	**5,821**	**10,200**	**107,627**
Depreciation					
At 1 August 2024	26,858	38	2,282	-	29,178
Charge for the year	1,753	4	871	-	2,628
At 31 July 2025	**28,611**	**42**	**3,153**	**0**	**31,806**
Net book value at 31 July 2025	**62,945**	**8**	**2,668**	**10,200**	**75,822**
Net book value at 31 July 2024	62,635	12	2,584	6,561	71,792

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 (2023/24 – £Nil) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £Nil (2023/24 – £Nil).

10 Trade and other receivables

	College 2025 £'000	College 2024 £'000
Amounts falling due within one year:		
Trade receivables	435	421
Prepayments and accrued income	1,132	863
Other debtors	464	647
Amounts owed by the ESFA	1,433	1,027
Total	**3,464**	**2,958**

The total value of debts written off in year are £0 (2023-24; £0)

11 Creditors: amounts falling due within one year

	College 2025 £'000	College 2024 £'000
Bank loans and overdrafts	861	401
Trade payables	2,491	2,228
Other Creditors	809	503
Other taxation and social security	4,154	931
Accruals and deferred income	1,218	2,617
Deferred income - government capital grants	1,375	1,357
Total	**10,908**	**8,037**

12 Creditors: amounts falling due after one year

	College 2025 £'000	College 2024 £'000
Bank loans	6,400	7,336
Deferred income - government capital grants	42,296	40,202
Total	**48,696**	**47,538**

13 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	College 2025 £'000	College 2024 £'000
In one year or less	861	401
Between one and two years	461	736
Between two and five years	1,991	1,903
In five years or more	3,948	4,697
Total	**7,261**	**7,737**

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 and had £1,467,339 outstanding at 31st July 2025. The second (Lloyds) is for £2,365,000 and is repayable at 6.23% by instalments between August 2012 and August 2034 and had £1,266,898 outstanding at 31st July 2025. The third (Lloyds) is for £1,000,000 repayable over twenty years committed until 1 August 2025 and had £412,500 outstanding at 31st July 2025 which was paid in full in 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 and had £4,115,005 outstanding at 31st July 2025.

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 £8,673,493 and North Warwickshire and Hinckley College, Hinckley Rd, Nuneaton which has a carrying value of £12,211,657. These two properties are detailed as the NWHC property. South Leicestershire College, Blaby Rd, Wigston, LE18 4PH which has a carrying value of £27,772,066. 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. In respect of the SLC property First - RBS, Second - Lloyds. 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 Cash and cash equivalents

	At 1 August 2024	Cashflow of the entity	At 31 July 2025
	£'000	£'000	£'000
Cash and cash equivalents	1,428	(384)	1,044
Overdrafts	-	-	-
Loans falling due within one year	(401)	(460)	(861)
Loans falling due after more than one year	(7,336)	935	(6,401)
Finance lease obligations	-	-	-
Total	**(6,309)**	**91**	**(6,218)**

15 Capital commitments

	College 2025	College 2024
	£'000	£'000
Commitments contracted for at 31 July	352	3,477

16 Lease Obligations

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

	College 2025	College 2024
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	216	232
Later than one year and not later than five years	-	216
later than five years		
	216	448
Other		
Not later than one year	191	111
Later than one year and not later than five years	131	42
later than five years	243	
	565	153
Total lease payments due	781	601

17 Contingent liabilities

There are no material contingent liabilities requiring disclosure as at 31st July 2025

18 Events after the reporting period

None

19 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. The latest formal actuarial valuation of the TPS was as at 31 March 2020 and of the LGPS 31 March 2022.

Total pension cost for the year		**2025 £'000**		**2024 £'000**
Teachers Pension Scheme: contributions paid		2,514		2,041
Local Government Pension Scheme:				
Contributions paid	2,109		2,223	
FRS 102 (28) charge	(366)		(508)	
Charge to the Statement of Comprehensive Income		1,743		1,715
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**4,257**		**3,756**

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).

19 Defined benefit obligations (continued)

Teachers' Pension Scheme (Continued)

As a result of the valuation, new employer contribution rates rose from 23.68% to 28.68% from April 2024.

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

The pension costs paid to TPS in the year amounted to £2,514,000 (2024: £2,041,000).

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 2025 was £2,734,000, of which employer's contributions totalled £2,109,000 and employees' contributions totalled £625,000. The agreed contribution rates for future years are 12.4% for WCC and 22.3% for 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 2025 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 2025	At 31 July 2024
Rate of increase in salaries	3.75%,3.25%	3.75%,3.25%
Future pensions increases	2.75%	2.75%
Discount rate for scheme liabilities	5.80%	5.00%
Inflation assumption (CPI)	2.75%	2.75%
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 2025	At 31 July 2024
	years	years
Retiring today		
Males	20.5,21.6	20.2,21.3
Females	23.9,24.0	23.8,24.0

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Retiring in 20 years		
Males	21.7,21.4	21.5,21.2
Females	25.3,25.2	25.3,25.2

Sensitivity analysis	**At 31 July 2025 £'000**	**At 31 July 2024 £'000**
Discount rate -0.1%	1,084	1,256
Salary Increase Rate +0.1%	35	39
Pension Increase Rate +0.1%	1,079	1,242
1 Year Increase in member life expectancy	2,291	2,527

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 2025	**Fair Value at 31 July 2025 £'000**	**Long-term rate of return expected at 31 July 2024**	**Fair Value at 31 July 2024 £'000**
Equity instruments	5.00%	42,529	5.00%	41,025
Debt instruments	5.00%	30,059	5.00%	25,658
Property	5.00%	13,576	5.00%	13,857
Cash	5.00%	3,503	5.00%	2,389
Total fair value of assets		**89,667**		**82,929**
Actual return on plan assets		**1,731**		**3,078**

The amount included in the Balance Sheet in respect of the defined benefit pension plan [and enhanced pensions benefits] is as follows:

	2025 £'000	**2024 £'000**
Fair value of plan assets	89,667	82,929
Present value of plan liabilities	(57,255)	(63,175)
Present value of unfunded liabilities	-	-
Impairment of surplus	(32,412)	(19,754)
Net pensions (liability) (Note 19)	**-**	**-**

Enhanced pension benefits

	Group and College	
	2025 £'000	**2024 £'000**
At 1 August	0	147
Expenditure in the period		
Transferred from income and expenditure account	-	(147)
At 31 July	**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.

19 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:

	2025 £'000	2024 £'000
Amounts included in staff costs		
Current service cost	1,743	1,715
Past service cost	25	-
Total	**1,768**	**1,715**
Amounts included in investment income		
Net interest income	(8)	(759)
	(8)	**(759)**
Amounts recognised in Other Comprehensive Income		
Changes in demographic assumptions	(264)	127
Return on pension plan assets	1,731	3,078
Experience losses arising on defined benefit obligations	612	(2,036)
Changes in assumptions underlying the present value of plan liabilities	9,243	2,537
Changes in the effect of the asset ceiling	20,741	-
Amount recognised in Other Comprehensive Income	**32,063**	**3,706**

Movement in net defined benefit asset during the year

	2025 £'000	2024 £'000
Net defined benefit asset in scheme at 1 August	-	14,781
Movement in year:		
Current service cost	(1,743)	(1,715)
Employer contributions	2,109	2,223
Past service cost	(25)	-
Net interest on the defined asset	8	759
Actuarial gain or loss	32,063	3,706
Derecognition of surplus	(32,412)	(19,754)
Net defined benefit (liability) at 31 July	**-**	**-**

19 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

	2025 £'000	2024 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	63,175	60,229
Current Service cost	1,743	1,715
Interest cost	3,169	3,055
Contributions by Scheme participants	625	577
Experience gains and losses on defined benefit obligations	(612)	2,036
Changes in financial assumptions	(9,243)	(2,537)
Estimated benefits paid	(1,891)	(1,773)
Changes in demographic assumptions	264	(127)
Past Service Cost	25	-
Curtailments and settlements	-	-
Defined benefit obligations at end of period	**57,255**	**63,175**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	82,929	75,010
Interest on plan assets	4,164	3,814
Return on plan assets	1,731	3,078
Employer contributions	2,109	2,223
Contributions by Scheme participants	625	577
Other experience	-	-
Estimated benefits paid	(1,891)	(1,773)
Fair value of plan assets at end of period	**89,667**	**82,929**

The actuarial reports in terms of the LGPS pension schemes suggest a surplus of assets over liabilities of £32,412,000. 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.

20 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 £110 (2023/24 £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 (2024: £0).

The College has a related party relationship with Coventry University by virtue of the fact that Dr A Turner a Member of the Corporation is employed by Coventry University.

The total purchases and sales with the university are £12,435 and £254,259 respectively (2023-24: £74,062).Outstanding balances as at the year-end £72,718 (2023-24: £25,488).

In additions to this staff members Mr J Stanley and Mrs S Adcock served as members in 2024-25. They were not remunerated for this role.

21 Amounts disbursed as agent

Learner support funds

	2025 £'000	2024 £'000
Carried Forward		
16-18 bursary grants	757	1,026
Other Funding body grants		
Interest earned	-	-
	757	1,026
Disbursed to students	(887)	(1,058)
Administration costs	(33)	(33)
Debtors Carried forward	163	65
Balance unspent as at 31 July	-	-

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

In the accounting period ended 31 July 2025, the college received a total of £757,000 and disbursed £887,000 from DfE 16-19 discretionary and vulnerable bursaries and FEFM funding after charging £33,000 for administration costs.

As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £0, of which £0 relates to funds that are in scope to be returned to DfE in March 2026. Comparatives for the accounting period ended 31 July 2024 are £1,026,000 received from DfE, £1,058,000 disbursed to learners after charging £33,000 for administration costs, and total cumulative unspent funds of £0, of which £0 was repaid to DfE.