



# **West Herts College**

## **Report and Financial Statements**

**For The Year Ended 31 July 2024**

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## **Operating and Financial Review**

### **Introduction**

The members of the Corporation present their report and the audited financial statements for the year ended 31 July 2024.

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting West Herts College ('the College' or 'WHC'). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education.

On 31 January 2019, West Herts College merged its activities with those of Barnfield College. West Herts College continues as a single legal entity and throughout this report will be referred to as the 'College' unless otherwise stated. Additionally, the brand of Barnfield College continues to be used, as this is recognised in its respective localities.

The College has a subsidiary called Together Training Limited in which it owns more than 50% of the issued shares. The company is limited by shares and is registered in England and Wales (Company Registration Number 09975696). Its principle activity is to deliver apprenticeship programmes to levy-paying employers. Throughout this report the College and subsidiary combined will be referred to as the 'Group' unless otherwise stated.

This operating and financial review comprises the following items:

- Overview of provision;
- Public benefit statement;
- Strategic plan;
- College performance;
- Performance indicators;
- Financial health;
- Treasury policies and objectives;
- Reserves policy;
- Future developments;
- Principal risks and uncertainties;
- Stakeholder relationships;
- Staff and student involvement;
- Equal opportunities and employment of disabled persons;
- Disability statement; and
- Post balance sheet events.

## Operating and Financial Review (*continued*)

### Overview of provision

The College provides technical and professional education and training to develop the skills individuals need to gain employment, increase their earning potential, and improve their life chances in general. Its principal area of operations is the delivery of full-time vocational Study Programmes to students aged between 16 and 18 years of age, with there being more than 6,460 such students enrolled at the College during 2023/24.

All full-time students on Study Programmes access work-experience through the College's GAP initiative as part of their Study Programme to further develop their employability skills and general understanding of work-place expectations. To support this area, the College has established some outstanding links with employers that are of significant benefit to the College and its students. Furthermore, working in partnership with employers, the College has developed Study Programmes to provide a pipeline of recruits needed with specific skills and expertise.

Study Programmes also include English and Maths qualifications for those students who have not achieved the Level 2 threshold.

Alongside the full time Study Programmes delivered to 16 to 18-year olds, the College delivered a broad range of further education, community learning and leisure courses to more than 2,660 adults in 2023/24. The College also provides bespoke provision to support young people who are NEET (Not in Education, Employment or Training) working in partnership with the Prince's Trust.

An important part of the College's work is the delivery of apprenticeship provision. In 2023/24 Apprenticeship Standards were delivered to 458 learners at Intermediate, Advanced and Higher levels with the majority of apprentices enrolled onto apprenticeships in construction and engineering. In 2017, the College entered into a partnership with Oaklands College to deliver apprenticeship training through a jointly owned company, Together Training Ltd. In 2022/23 both owner Colleges took the decision to bring Together Training Ltd to an orderly close, while ensuring that all existing learners complete their learning. The unfunded closure costs incurred by Together Training Ltd in 2023/24 have been funded by the owner Colleges, and the Together Training Ltd outturn for 2023/24 was a surplus. It is expected the Together Training will cease trading during 2024/25.

In addition to its Further Education provision, the College delivered Higher Education provision to 94 Higher Education students in 2023/24. These students were enrolled onto Foundation Degrees delivered in partnership with the University of Hertfordshire, the University of Bedfordshire, and the University of Huddersfield, or onto a range of Higher National Diplomas (HNDs) delivered directly by the College.

## Operating and Financial Review (*continued*)

### Overview of provision (*continued*)

The College continues to develop links with a range of key community leaders, recognising itself as a key asset to the communities it serves. The College also maintains a thorough understanding of local labour market needs and opportunities to ensure students are aspiring to realistic destinations in a range of industries and occupations.

The College is committed to establish stronger relationships with external key stakeholders and create the financial health needed to invest in the further development of the College. In addition, the College places great importance on its values, attitudes and behaviours, recognising them as factors that are critical to the College's achievements, successes, ambitions and plans.

Our Ofsted inspection in April 2024, assessed the College's overall effectiveness as "Good". Within this inspection Ofsted assessed the following areas as "Outstanding":-

- Personal Development, Leadership and Management, Adult Learning Programmes, and Provision for Learners with High Needs;

and the following areas as "Good":-

- the Quality of Education, Behaviour and Attitudes, Education Programmes for Young People and apprenticeships.

Ofsted also assessed that the College makes a strong contribution to meeting the skills needs, and confirmed that the College's arrangements for safeguarding are effective.

The Corporation was pleased with this report and the positive outcomes.

During the year we were allocated £3.4m to deliver Local Skills Improvement Fund (LSIF) priorities over 2023-24 and 2024-25. We are the lead provider for Hertfordshire LSIF and are directly running 3 projects (Digital, Green Construction and Health and Science), and we also running a project (Health and Science) on the South East Midlands LSIF.

### Public value statement

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. Specifically, the College subscribes to the following statement concerning its commitment to the delivery of public value within the community it serves.

## Operating and Financial Review (continued)

### Public value statement (continued)

*“We will provide a broad range of education provision and services to meet the needs, interests and aspirations of the communities we serve.”*

The College: -

- Will inspire interest in lifelong learning, working with employers to develop the skills needed for success in life and at work. We commit to this in the knowledge that: -
  - Professional skills are central to individual earning power and the collective productivity of our local, regional and national economies;
  - English, maths and digital skills are essential to accessing opportunities; and
  - The aspirations of many in our communities are challenged by economic, health and social pressures.
- Will engage with as many people and organisations as possible, working in partnership to maximise benefits across our communities, with the views of stakeholders represented at College Board level.
- Will recognise our responsibilities as a community asset for the people we serve, understanding community issues and making a meaningful contribution to providing solutions to these challenges.
- Will maintain a thorough understanding of local labour markets and facilitate positive relationships between employers and prospective employees.
- Will value community well-being and are fully committed to providing lifelong learning opportunities through a range of courses.
- Will ensure the College secures and develops a workforce that is able to provide the skills and experiences required to deliver provision of the highest quality.
- Will be professional in all undertakings and accessible whenever possible, providing a safe and welcoming place for people to gather and engage in learning and recreational activities.
- Will take responsible decisions, utilising public funds appropriately and always seeking to prioritise expenditure and investment to benefit local people.
- Will play our part in the net zero economy – taking action to reduce our climate impact, calculating our emissions annually and taking action to reduce them.

### Strategic Plan

The College's Strategic Plan *“Going Further 2023-26”* was approved by the Corporation in February 2023. Central to this plan is our vision to transform life chances and create a better everyday life for many people.

## Operating and Financial Review (*continued*)

### Strategic Plan (*continued*)

#### Mission

Our Mission is to provide high-quality education and training in a safe, respectful and inclusive environment that prepares people for success in work and life and builds a foundation for lifelong learning.

#### Strategic Aims

The plan sets out the following five strategic aims:

Aim 1: Students: The College will provide students with the skills they need to maximise opportunities in life and work.

Aim 2: Employees: Employees will be outstanding in their roles and positively influence the skills, attitudes, values, and behaviours of students and colleagues.

Aim 3: Communities: The College will be rooted in its local economies and contribute meaningfully to the needs of students, employers and local people across the geographical areas it serves.

Aim 4: Sustainability: The College will be resilient, just and climate neutral, and demonstrate leadership that brings to life experiences that allow others to contextualise their learning.

Aim 5: Success: The College will be a highly effective and highly regarded anchor institution that makes a meaningful contribution to the needs of employers and local communities.

Each of these aims will be assessed against measures of success which will be evaluated at key stages as the plan progresses.

## Operating and Financial Review (*continued*)

### Strategic Plan (*continued*)

#### Performance indicators

The table below shows the top-level performance targets set for the College for 2023/24 following the 2022/23 annual self-assessment.

Area for Improvement	Target Outcomes
<ul style="list-style-type: none"> <li>Pass rates on Electrical Engineering qualifications at levels 2 and 3 will be at least 90%</li> </ul>	Met
<ul style="list-style-type: none"> <li>Pass rates on Science qualifications will be at least 90%</li> </ul>	Part Met (87%)
<ul style="list-style-type: none"> <li>At least 90% of students will pass external examinations within vocational and occupational qualifications</li> </ul>	Met
<ul style="list-style-type: none"> <li>The number of students with GCSE Grade 3 start points achieving 9-4 will exceed national averages for both subjects</li> </ul>	Part-Met (English exceeds national average; Maths slightly below)
<ul style="list-style-type: none"> <li>The majority of students enrolled onto English and Maths will make progress in the subjects and develop occupationally relevant English and Maths skills in line with their intended destinations</li> </ul>	Met
<ul style="list-style-type: none"> <li>Gaps in achievement rates for specific groups will be within 5% of other students (White/Black African; White/Black Caribbean; White Asian)</li> </ul>	Met
<ul style="list-style-type: none"> <li>The College will fully utilise the Tuition Fund to support students to catch up on missed learning</li> </ul>	Met
<ul style="list-style-type: none"> <li>The College Bravura Project will include opportunities for students to extend their subject knowledge to enhance their chances of gaining their preferred employment sectors/ job</li> </ul>	Met
<ul style="list-style-type: none"> <li>At least 85% of students applying to universities will secure their first-choice course</li> </ul>	Met



## Operating and Financial Review (*continued*)

### Financial Health

#### a. Financial Performance

The Group generated a surplus before exceptional items for 2023/24 of **£3.959m** (2022/23 surplus £1.404m).

For the purposes of the College's loan covenants, the FRS102 pension credit of **£0.380m** is excluded, giving a revised Group surplus before tax for the year of **£3.579m**. This is outlined in the table below:

	<b>£000</b>
<b>College Group – Surplus before non-operating items</b>	<b>3,959</b>
FRS102 – Enhanced Pension net interest (note 23)	136
FRS102 – Net interest credit on Pension Fund assets (note 25)	(503)
FRS102 – Pension credit (note 25)	(13)
<b>College Group – Surplus excluding FRS102 pension adjustments and taxation</b>	<b>3,579</b>

#### b. Liquidity

At 31 July 2024, the College Group had **£21.526m** in total cash at bank and in hand and in short term deposits. This cash is temporarily high due to the Barnfield Redevelopment Project and is £8.438m less than the £29.964m cash held as at 31 July 2023.

The College's £21.526m cash balance at 31 July 2024 is equivalent to 182 cash days and, when contrasted against its current liabilities at 31 July 2024 of £9.471m, represents a high level of solvency as exemplified by the College's current ratio at this date of 2.40. The cash balance provides the College and the Group with reserves which it can invest to develop and protect its business in the coming years, and ensures that the College and the Group achieves the highest possible liquidity score in its Education and Skills Funding Agency financial health assessment. During 2023/24, the College received £1.498m (2022/23 - £515k) from bank interest on cash balances arising from the national bank base rate increases.

#### c. Gearing

The College had borrowings of £4.962m at 31 July 2024, of which £0.556m is payable in 2024/25. All College's borrowings are long-term loans and are due to be repaid in full by 2032. As a result, the College's borrowings represents 4.3% of the College's net assets (excluding pension liabilities). £2.032m of the College's borrowings are subject to a fixed interest rate and £2.939m of the College's borrowings are subject to a variable interest rate.

## Operating and Financial Review (*continued*)

### Financial Health (*continued*)

#### d. Loan Covenants

The College is required to adhere to five covenants as part of its long-term loan agreement with its Bank. The College retains a high degree of headroom on all five covenants.

#### e. Overall

The ESFA's overall financial health assessment for the College was rated as outstanding in 2023/24. This comprised individual outstanding ratings for liquidity, performance and gearing. The Group and College therefore has a sound financial foundation to develop its business and to respond to future pressures. Furthermore, its current financial health, alongside future forecasts and financial plans confirm that the Group and the College are a 'going concern'.

### 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 which is reviewed by the Corporation each year. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

### Reserves Policy

The Group and the College will maintain sufficient reserves to ensure that it remains stable and sustainable for the foreseeable future, whilst not setting aside excessive resources which could better be deployed to further its business. Furthermore, it maintains reserves at levels that are consistent with its loan covenants.

To achieve this goal the College is committed to ensure the following:

- Maintaining total net assets, excluding net pension liabilities, of no less than £50m to comply with loan covenants;
- Maintaining cash at bank and in hand, and short-term deposits, totalling no less than £5.0m at any point in a forecast three-year period; and
- Ensuring that pension liabilities are minimised both through engaging actively with Hertfordshire Pension Fund's fund managers and actuaries, and by providing alternative defined contribution pension schemes where appropriate.

## Operating and Financial Review (*continued*)

### Reserve Policy (*continued*)

At 31 July 2024 the College had:

- Total net assets (excluding pension liability) of £114.6m (2023: £111.6m); and
- Cash at bank and in hand and short-term deposits totalling £21.5m (2023: £29.9m). It is noted that cash levels are temporarily high due to the Barnfield Redevelopment Project.

As mentioned above, the College has in place a separate treasury management policy.

### Future developments

The College works relentlessly to continually improve the quality of its provision, its estate and learning environments.

The Corporation is progressing plans within our property strategy for Phase 2 of our masterplan for a redevelopment for Barnfield College at the New Bedford Road Campus. The construction of a new multi-million-pound Construction and Engineering Centre is underway and is expected to be completed late 2024 and open in January 2025. Once complete, we will dispose of our Enterprise Way Campus.

### Principal Risks and Uncertainties

Details of the Group's risk management methodology are covered within the section on Statement of Corporate Governance and Internal Control within this Report. Following this methodology, the Group has identified the following principal corporate risks as existing at 31 July 2024.

a) Qualification Reforms

The removal of some BTEC qualifications from funding may impact on the enrolment of students and T level qualifications (BTEC replacements) are low in popularity. The College is implementing plans to deliver T level qualifications across all of the College's mainstream vocational areas, and has incorporated T levels provision into the curriculum plan based on DfE existing approvals. We are actively engaging to implement these plans, as well as promoting the availability of A level courses.

b) English & Maths Achievement Rates

The College has robust arrangements in place to maximise learner achievement rates in English and Maths. Extensive monitoring enables any concerns to be highlighted and addressed immediately.

c) Attracting and retaining staff

The College has introduced a wide range of measures that are designed to attract staff into vacant hard to fill roles, and to retain existing staff.

## Operating and Financial Review (*continued*)

### Principal Risks and Uncertainties (*continued*)

#### d) Cyber attack

There is always a risk of a cyber attack and in the current climate this is a high risk. The College has strong controls in place and has implemented extensive arrangements to protect the College's systems and data from cyber-attack and hacking. The College also has strong controls and contingency plans in place to respond to such an event.

### Stakeholder Relationships

In line with other colleges and universities, the Group and the College has many stakeholders. These include:

- Students
- Staff
- Parents and Guardians
- The Government, Politicians and Ofsted
- Further Education Commissioner, Funding Councils and Agencies
- Local Employers and Local Employment Partnerships
- Local Authorities
- Local Community
- Other FE and HE Institutions
- Local Secondary Schools and Academies
- Trade Unions; for individual representation
- Professional Bodies

The Group and the College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

### Staff and Student Involvement

The College pursues an active policy of fostering good communications with staff and students. The College's intranet service provides a range of briefings, updates and other communication channels for staff. Communication with students is mainly through digital Platforms such as Canvass and our GAP website. There are also extensive communications with students through social media platforms such as Facebook, Twitter and Instagram.

Both staff and students have the right to elect two members onto the Corporation respectively and they contribute actively in the discussions and decision-making of the College.

Each year the staff conference provides a forum to inform staff of important College developments, the "staff voice" forum meets in year to provide an opportunity for staff to raise questions with the College Leadership Group, and the Principal emails all staff when necessary to provide a briefing on key topics. Each year the College sends out a Staff Survey to all staff to measure wellbeing, job satisfaction and to provide feedback.

## **Operating and Financial Review (*continued*)**

### ***Staff and Student Involvement (continued)***

The results of this survey are discussed with appropriate members of the College Leadership Group and the overall survey results are shared with all staff.

Learner involvement is well developed within the College. Each year students are encouraged to provide feedback through satisfaction surveys. The results of these are circulated to, and discussed by, the College Leadership Group, and the Corporation.

### **Trade Unions**

It is the responsibility of each college corporation to comply with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. These Regulations require the disclosure of the number of trade union officials at the College, the percentage of their time spent on trade union activities, and cost to the College of facilitating trade union activities. However, as the College does not formally recognise trade unions, there are no recognised trade union officials, and therefore there is no time or cost associated with trade union activities to report.

### **Equal Opportunities and Employment of Disabled Persons**

The College is committed to offering excellent learning opportunities and excellent employment opportunities for all learners and employees. The College ensures compliance with all aspects of Equality Act 2010 and where possible goes beyond compliance and embeds good practice in all teaching, learning and employment situations.

The College will continue to monitor all its policies and processes and take action when areas are identified where intervention is required to address potential restrictions to individuals or groups.

The College has an Equality and Diversity Policy, which takes account of its specific and general duties in relation to race, gender, disability and other protected characteristics. The Policy contains objectives that seek to ensure that the College complies with all aspects of legislation. The College operates a 'Blind Recruitment' process and therefore appointing managers will receive all applications for shortlisting with no personal details provided (i.e. name, address, age, equal opportunities information).

## Operating and Financial Review (*continued*)

### Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 2010:

- The College operates the Disability Confident Scheme and all recruitment shortlisting is reviewed by the Human Resources Team to ensure we are compliant with this.
- As part of the redevelopment of the buildings it has installed lifts and ramps, etc, so that most of the facilities allow access to people with a disability.
- Specialist advice and support are made available to admissions staff to ensure unobstructed progression of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- Continued investment in specialist advisors to teach and support students with learning difficulties and disabilities, together with investment in other learning advisors who currently provide a range of support functions to students.
- Provision of specialist programme information guides to students and parents which give details of student achievement and destinations.
- Provision of counselling and welfare services as described in the College Charter.

These commitments are reviewed annually with a view to improving the quality of service.

### Post Balance Sheet Events

At the date of signing these financial statements, no significant post balance sheet events have occurred.

## Operating and Financial Review (*continued*)

### Disclosure of Information to Auditor

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

Approved by order of the members of the Corporation on **4 December 2024** and signed on its behalf by:

A handwritten signature in black ink that reads "Tony Breslin". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

**Dr T. Breslin**  
**Chair**

**Professional Advisors:**

**Financial Statements and Regularity  
Auditor:**

Buzzacott LLP  
130 Wood Street  
London  
EC2 6DL

**Internal Auditor:**

Scrutton Bland LLP  
Fitzroy House  
Crown Street  
Ipswich  
IP1 3LG

**Banker:**

Lloyds Bank plc  
32/32a Atria Shopping Centre  
Watford  
Herts  
WD17 2UB

**Solicitor:**

Bates Wells  
10 Queen Street Place  
London  
EC4R 1BE



## Statement of Corporate Governance and Internal Control

The College endeavours to conduct its business:

- i in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii in full accordance with the guidance to colleges from the Association of Colleges in the Further Education Code of Good Governance issued in September 2023; and
- iii having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

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

In the opinion of the Members of the Corporation, the College complies with all the provisions of the Code of Good Governance, and it has complied throughout the year ended 31 July 2024. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance.

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

## **Statement of Corporate Governance and Internal Control** **(continued)**

### **The Corporation**

The members who served on the Corporation during the year and up to the date of signature of this report are listed in the table below.

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served in 2023-24
Guy Ainsley	14.07.23	2 years		Independent	
Zoubair Aouam	08.11.23	to 10.07.24	10.07.24	Student	
Zoubair Aouam	09.10.24	to 09.07.25		Student	
Phil Berry	16.04.24	2 years		Independent	
Tony Breslin	08.05.24	2 years		Independent	
Wendy Donovan	08.05.24	2 years		Independent	
Laura Dawson	01.01.23	2 years		Independent	
Mariam Hassan	09.10.24	to 09.07.25		Student	
Irina Kendix	12.05.23	2 years		Independent	Audit
Richard Lewis	14.07.23	2 years		Independent	Search & Governance
Shaun Merton	11.10.23	2 years	31.07.24	Teaching Staff	
Chris Nicholls	03.03.23	2 years		Independent	Audit
Stuart Ord	01.01.23	2 years		Independent	Audit
Martin Sidders	08.05.24	2 years		Independent	
Jason Smith	09.07.24	2 years		Independent	Audit
Phil Thompson	31.07.22	2 years	31.07.24	Independent	Search & Governance, Remuneration
Paul Thompson	03.03.23	2 years		Independent	
Gill Worgan	01.01.11	N/A		Principal	Search & Governance
David York	14.02.24	2 years		Support Staff	
Aisha Yusuf	08.11.23	to 10.07.24	31.05.24	Student	

## **Statement of Corporate Governance and Internal Control** **(continued)**

### **The Corporation (continued)**

Details of the attendance record of Members who served in 2023/24 are shown below: -

	Corporation	Audit	Search & Governance
	8 scheduled meetings (no. out of possible) *	3 scheduled meetings (no. out of possible) *	3 meetings (no. out of possible) *
Guy Ainsley	75%		
Zoubair Aouam	100% <sup>(7/7)</sup>		
Phil Berry	100%		
Tony Breslin	100% <sup>(3/3)</sup>		
Wendy Donovan	100% <sup>(3/3)</sup>		
Laura Dawson	88%		
Irina Kendix	75%	100%	
Richard Lewis	100%		100%
Shaun Merton	50%		
Chris Nicholls	100%	100%	
Stuart Ord	75%	100%	
Martin Sidders	100% <sup>(3/3)</sup>		
Jason Smith	63%	67%	
Phil Thompson	100%		100%
Paul Thompson	75%		
Gill Worgan	100%		100%
David York	88%		
Aisha Yusuf	84% <sup>(5/6)</sup>		

\* Percentage is based on total number of meetings unless otherwise identified.

The role of Clerk to the Corporation from 1 August 2023 until 31 July 2024 was carried out by Anne- Marie Kinsella.

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

The Corporation business plan incorporated eight scheduled Corporation meetings during 2023/24. Six of these meetings were held face-to-face and two meetings were held on-line. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, curriculum matters and personnel related matters such as human resources, health and safety and environmental issues.

## Statement of Corporate Governance and Internal Control (continued)

### The Corporation (continued)

The following Committees reported to the Corporation during the year: - the Audit Committee, and the Search and Governance Committee. Both committees have terms of reference which have been approved by Corporation.

Full minutes of all Corporation meetings, except those deemed to be confidential by the Corporation, are available on <http://www.westherts.ac.uk/about-us/governors/> or from the Clerk to the Corporation at:

West Herts College  
Watford Campus  
Hempstead Road  
Watford  
Hertfordshire  
WD17 3EZ

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

All Members of the Corporation 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 Board 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 of the Corporation in good time for Board meetings; ad-hoc briefings are also provided.

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 are 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 between the separate roles of the Chair of the Corporation, and the Accounting Officer (i.e. the Principal & Chief Executive).

The Corporation conducts a regular self-assessment, the results of which are reported to Corporation for review and consideration. The Corporation undertook an external board review between October 2023 and February 2024. The review was carried out by Governance 4FE. The summary of the review findings which has been agreed by the external reviewer indicated that West Herts College has a high level of governance maturity. Roles and responsibilities are clearly defined and understood, and the governance professional's role is well utilised.

## **Statement of Corporate Governance and Internal Control (continued)**

### **The Corporation (continued)**

The quality and quantity of reporting is good, and governors have good oversight of the strengths and weaknesses of the College. Governors understand the rationale for the curriculum offer and the systems, techniques, and strategies to measure teaching quality. The Board is assured financial management systems and internal controls are robust, and that the College is getting value for money. To further enhance governance performance, the Board has chosen to strengthen its reporting against the progress of the strategic plan and adapt board reports overall to generate conversations and enhance the contribution of governors; invite external stakeholders to meetings to help the Board develop knowledge on the skills agenda, and triangulate executive reporting; and ensure the Governor Equality, Diversity, and Inclusion (EDI) strategy is aligned with the College's overall EDI strategy.

The Corporation is keen to ensure the Governors and the Clerk to Governors have access to training and development opportunities to enable them to undertake their role effectively.

During the year, the Chair of the Corporation undertook an annual appraisal with each Governor which included a discussion on training and development needs, and any specific training requests were actioned by the Clerk. Governors participated in regional governance conferences and the AoC Audit Committee Chairs Network Meetings and Safeguarding and Prevent Training. New Governors received induction training from the College and the AOC. The College provides access for Governors to an online Governors' Development Programme which allows governors to complete training flexibly. Sector updates are circulated to Governors weekly and are summarised in a monthly Governors bulletin.

In 2023-24, the Clerk undertook Safeguarding and Prevent Training, attended regular training webinars for sector updates including the new financial handbook and attended six masterclass sessions on Governors Finance in Further Education. The Clerk is part of a regional clerks network, attending regular network meetings and conferences, and also receives regular updates from the AoC, the DfE, the Institute of Directors, and the Education Training Foundation.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, comprising up to three members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding two years, and can stand for more than one term.

## **Statement of Corporate Governance and Internal Control (continued)**

### **The Corporation (continued)**

#### **Remuneration**

Throughout the year ended 31 July 2024 the Corporation took all decisions on the remuneration and benefits of the Principal and Chief Executive. The College has adopted the Association of College's Senior Post Holders Remuneration Code. Details of remuneration for the year ended 31 July 2024 are set out in note 8 to the financial statements.

#### **Audit Committee**

The Audit Committee comprises up to five members of the Corporation (excluding the Principal and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee, which met three times during the year, provides a forum for reporting by the College's internal auditors, and the financial statements and regularity 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 auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of work and reports their findings to management and the Audit Committee.

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

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

#### **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.

## **Statement of Corporate Governance and Internal Control (continued)**

### **Internal Control (continued)**

The Corporation has delegated to the Principal and Chief Executive, as Accounting Officer, day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which the Principal and Chief Executive is personally responsible, in accordance with the responsibilities assigned to the Principal and Chief Executive in the College's grant funding agreements and contracts with the ESFA. The Principal and Chief Executive is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives and it can, therefore, only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2024 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the Group and the College's significant risks that have been in place and operational throughout the year 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 internal control system 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.
- A Risk Management Policy to ensure that risks are properly identified and rigorously managed.
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.

## Statement of Corporate Governance and Internal Control (continued)

### Internal Control (continued)

- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.
- Dedicated committees for projects such as capital builds.

The College contracts for an internal audit service, which operates in accordance with requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As a minimum, the College's internal audit service annually provides the Corporation with a report on internal audit activity in the College. The report includes its independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The DfE and the ESFA introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and a new College Handbook has been published and will be effective from August 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

### Review of Effectiveness

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal and Chief Executive's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditor.
- The work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements and regularity auditor in their management letter and other reports.

The Principal and Chief Executive has been advised on the implications of the result of her 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. A plan to address weaknesses and ensure continuous improvement of the system is in place.



## Statement of Corporate Governance and Internal control (continued)

### Internal Control (continued)

The College Leadership Group receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the Departments and reinforced by risk awareness training. The College Leadership Group and 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 College Leadership Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Principal and Chief Executive, 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"*.

### Going Concern

After appropriate enquiries, the Corporation considers that the Group and the College has adequate resources to continue in operational existence for the foreseeable future. Its financial plans for future years have been scrutinised taking account of the present UK cost of living pressures (including energy prices, inflation, and interest rates), and they consistently show budget surpluses. We have considered carefully the plan for closing Together Training Limited. Both owner Colleges are committed to meeting all unfunded costs until closure. Capital projects are carefully costed in advance and funding secured prior to commencement. Furthermore, borrowings are low in proportion to income and there are substantial cash reserves. For this reason, the Corporation continues to adopt the going concern basis in preparing the financial statements.

Approved by the members of the Corporation and signed on its behalf by: -



**Dr T. Breslin**  
Chair  
4 December 2024

**G. Worgan**  
Principal and Chief Executive  
4 December 2024

## Statement of Regularity, Propriety and Compliance

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

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

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



**G. Worgan**  
Principal and Chief Executive  
4 December 2024

## Statement of the Chair of Governors

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



**Dr T. Breslin**  
Chair  
4 December 2024

## **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 accountability agreement, funding agreements and contracts with the ESFA and 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, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report), and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the 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, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, 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.

## **Statement of Responsibilities of the Members of the Corporation (continued)**

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

Approved by order of the members of the corporation on 4 December 2024 and signed on its behalf by:

A handwritten signature in black ink that reads "Tony Breslin". The signature is written in a cursive style and is underlined with a single horizontal line.

**Dr T. Breslin**  
**Chair of governors**

## Independent Auditor's Report to the Corporation of West Herts College

### Opinion

We have audited the financial statements of West Herts College and its subsidiary (collectively the 'Group') for the year ended 31 July 2024 which comprise the Group and College statement of comprehensive income and expenditure, the Group and College statement of changes in reserves and balance sheets, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and the College's affairs as at 31 July 2024 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- In all material respects, funds from whatever source administered by the Group and the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

### Basis for opinion

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

## **Independent Auditor's Report to the Corporation of West Herts College (*continued*)**

### **Conclusions relating to going concern**

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

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

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

We have nothing to report in this regard.

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

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;  
or
- all the information and explanations required for the audit were not received.

## **Independent Auditor's Report to the Corporation of West Herts College (*continued*)**

We have nothing to report in respect of the following matter in relation to which the Office for Students requires us to report to you, if in our opinion:

- The College's grant and fee income, as disclosed in note 2 to these financial statements has been materially misstated.

### **Responsibilities of the Corporation**

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

In preparing the financial statements, the members of the Corporation are responsible for assessing the Group and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Corporation either intend to liquidate the Group and 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 it 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the College through discussions with management, and from our knowledge and experience of the sector;

## Independent Auditor's Report to the Corporation of West Herts College (*continued*)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.



## **Independent Auditor's Report to the Corporation of West Herts College (*continued*)**

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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



**Buzzacott LLP**  
**Chartered Accountants and Registered Auditor**  
**130 Wood Street**  
**London**  
**EC2V 6DL**

Date: 4 December 2024

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

**To: The Corporation of West Herts College and Secretary of State for Education acting through Education and Skills Funding Agency (the ESFA)**

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

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

### **Respective responsibilities of West Herts College and the reporting accountant**

The corporation of West Herts College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Independent Reporting Accountant's Report on Regularity (continued)

### Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

### Conclusion

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



**Buzzacott LLP**  
**Chartered Accountants**  
**130 Wood Street**  
**London**  
**EC2V 6DL**

Date: 4 December 2024

## Statements of Comprehensive Income and Expenditure for the year ended 31 July 2024

	<i>Note</i>	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
<b>Income:</b>					
Funding body grants	2	50,010	49,898	48,235	47,705
Tuition fees and education contracts	3	2,294	2,294	2,695	2,691
Other grants and contracts	4	30	30	14	14
Other income	5	650	390	548	548
Investment income	6	1,498	1,498	515	515
<b>Total Income</b>		<b>54,482</b>	<b>54,110</b>	<b>52,007</b>	<b>51,473</b>
<b>Expenditure:</b>					
Staff costs	7	31,367	31,198	30,750	29,707
Restructuring costs	7	111	69	247	225
Other operating expenses	10	14,759	14,937	15,165	15,013
Depreciation	16	3,955	3,955	3,805	3,805
Interest and other finance costs	11	331	331	636	636
<b>Total Expenditure</b>		<b>50,523</b>	<b>50,490</b>	<b>50,603</b>	<b>49,386</b>
<b>Surplus before non-operating items</b>		<b>3,959</b>	<b>3,620</b>	<b>1,404</b>	<b>2,087</b>
Exceptional items	14	-	-	(329)	(329)
Impairment in investment asset	17	-	-	-	(200)
Net (Income)/expenditure attributable to minority interest	17	(170)	-	342	-
<b>Surplus for the year</b>		<b>3,789</b>	<b>3,620</b>	<b>1,417</b>	<b>1,558</b>
Actuarial (loss)/gain in respect of pension schemes	12	(708)	(708)	10,198	10,198
<b>Total Comprehensive Income for the year</b>		<b>3,081</b>	<b>2,912</b>	<b>11,615</b>	<b>11,756</b>

	<i>Note</i>	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
<b>Surplus before non-operating items</b>		<b>3,959</b>	<b>3,620</b>	<b>1,404</b>	<b>2,087</b>
FRS102 Enhanced pension net interest	23	136	136	111	111
FRS102 Pension adjustments: net interest credit	25	(503)	(503)	220	220
FRS102 Pension adjustments: Interest credit	25	(13)	(13)	325	325
<b>Operating Surplus</b>		<b>3,579</b>	<b>3,240</b>	<b>2,060</b>	<b>2,743</b>

## Statement of Changes in Reserves for the year ended 31 July 2024

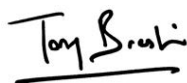
	Minority Interest	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s	£000s
<b>Group</b>					
<b>Balance as at 1 August 2022</b>	200	94,686	5,052	7	99,945
Surplus from the income and expenditure 2022/23	-	1,417	-	-	1,417
Other comprehensive income	-	10,198	-	-	10,198
<b>Balance at 31 July 2023</b>	200	106,301	5,052	7	111,560
Surplus from the income and expenditure 2023/24	-	3,789	-	-	3,789
Other comprehensive income	-	(708)	-	-	(708)
<b>Balance at 31 July 2024</b>	200	109,382	5,052	7	114,641

	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s
<b>College</b>				
<b>Balance as at 1 August 2022</b>	94,709	5,052	7	99,768
Surplus from the income and expenditure 2022/23	1,558	-	-	1,558
Other comprehensive income	10,198	-	-	10,198
<b>Balance at 31 July 2023</b>	106,465	5,052	7	111,524
Surplus from the income and expenditure 2023/24	3,620	-	-	3,620
Other comprehensive income	(708)	-	-	(708)
<b>Balance at 31 July 2024</b>	109,377	5,052	7	114,436

## Balance Sheets at 31 July 2024

	Note	2023/24 Group £'000s	2023/24 College £'000s	2022/23 Group £'000s	2022/23 College £'000s
<b>Fixed assets</b>					
Tangible assets	16	148,318	148,318	129,483	129,483
<b>Total fixed assets</b>		<b>148,318</b>	<b>148,318</b>	<b>129,483</b>	<b>129,483</b>
<b>Investment assets</b>	17	-	-	-	-
<b>Current assets</b>					
Stock		11	11	11	11
Trade and other receivables	19	1,223	1,228	1,603	2,193
Short term deposit	18	-	-	10,000	10,000
Cash at bank and in hand		21,526	21,472	19,964	19,653
<b>Total current assets</b>		<b>22,760</b>	<b>22,711</b>	<b>31,578</b>	<b>31,857</b>
<b>Creditors: amounts falling due within one year</b>	20	<b>(9,471)</b>	<b>(9,427)</b>	<b>(11,142)</b>	<b>(11,086)</b>
<b>Net current assets</b>		<b>13,289</b>	<b>13,284</b>	<b>20,436</b>	<b>20,771</b>
<b>Total assets less current liabilities</b>		<b>161,607</b>	<b>161,602</b>	<b>149,919</b>	<b>150,254</b>
<b>Creditors: amounts falling due after one year</b>	21	<b>(44,429)</b>	<b>(44,429)</b>	<b>(35,997)</b>	<b>(35,997)</b>
<b>Provisions for liabilities and charges</b>	23	<b>(2,737)</b>	<b>(2,737)</b>	<b>(2,733)</b>	<b>(2,733)</b>
<b>Minority interest</b>	17	<b>200</b>	-	<b>371</b>	-
<b>Net assets excluding pension liability</b>		<b>114,641</b>	<b>114,436</b>	<b>111,560</b>	<b>111,524</b>
<b>Net pension liability</b>	25	-	-	-	-
<b>TOTAL NET ASSETS</b>		<b>114,641</b>	<b>114,436</b>	<b>111,560</b>	<b>111,524</b>
<b>Restricted reserves</b>					
Endowments		7	7	7	7
<b>Total Restricted reserves</b>		<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Unrestricted reserves:</b>					
Income and expenditure account		109,382	109,377	106,301	106,465
Revaluation reserve		5,052	5,052	5,052	5,052
Minority interest	17	200	-	200	-
<b>Total Unrestricted reserves</b>		<b>114,634</b>	<b>114,429</b>	<b>111,553</b>	<b>111,517</b>
<b>TOTAL RESERVES</b>		<b>114,641</b>	<b>114,436</b>	<b>111,560</b>	<b>111,524</b>

The financial statements on pages 36 to 63 were approved by the Corporation on **4 December 2024** and signed on its behalf by:



**Dr T. Breslin**  
Chair



**G. Worgan**  
Principal and Chief Executive

## **Statement of Consolidated Cash Flows** **for the year ended 31 July 2024**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000s</b>	<b>£'000s</b>
<b>Cash inflow from operating activities</b>		
Surplus for the year	3,789	1,417
Adjustment for non-cash items:		
Depreciation	3,955	3,805
Decrease in debtors	380	825
(Decrease)/Increase in creditors due within one year	(689)	991
(Decrease) in provisions	(324)	(288)
Pensions costs less contributions payable	(503)	220
Minority Interest	170	(342)
Adjustment for investing or financing activities:		
Investment income	(1,498)	(516)
Interest and other finance costs	331	636
Decrease in deferred capital grants	(1,241)	(920)
<b>Net cash flow from operating activities</b>	<b>4,370</b>	<b>5,828</b>
<b>Cash flows from investing activities</b>		
Investment income	1,498	516
Payments made to acquire fixed assets	(23,938)	(4,631)
Net proceeds from sale of land	-	(178)
<b>Total cash flows from investing activities</b>	<b>(22,440)</b>	<b>(4,293)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(208)	(200)
Capital grants received	10,370	3,568
Bank loans repaid	(530)	(517)
Short term deposit	10,000	(5,000)
<b>Total cash flows from financing activities</b>	<b>19,632</b>	<b>(2,149)</b>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>	<b>1,562</b>	<b>(614)</b>
Cash and cash equivalents at beginning of year	19,964	20,578
Cash and cash equivalents at end of year	21,526	19,964

## Notes to the Financial Statements

### 1 Accounting policies

#### ***Statement of accounting policies***

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

#### ***Basis of preparation***

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2023 to 2024* 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 Group's accounting policies.

#### ***Basis of accounting***

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

#### ***Basis of consolidation***

The consolidated financial statements include the College and its subsidiary, Together Training Ltd, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to date on which control of the undertaking passes. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS102, 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 31 July 2024.

#### ***Going concern***

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

As at 31 July 2024 the Group and the College had £4,961k of loans outstanding with bankers on terms negotiated in 2009, 2010 and 2024. Also, as at 31 July 2024, the Group and the College had cash at bank, in hand, and on short term deposit totalling over £21.52m, and net current assets of £13.289m. We have considered carefully the plan for closing Together Training Limited. Both owner Colleges are committed to meeting all unfunded costs until closure. Together Training Limited received a company closure grant of £520k from the owner colleges during 2023/24 and has been included in the financial statement. The Group and the College's forecasts and financial projections (which include an assessment of the UK Cost of Living crisis including inflation, energy costs and interest rates) indicate that it will be able to generate operating surpluses and it will be able to operate within this existing facility and covenants for the foreseeable future.



## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

Accordingly, the Group and the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of 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 recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for in year and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income and Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. ESFA apprenticeship income is recognised based on a year-end reconciliation of income claimed and the actual delivery.

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

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

Grants (including research grants) from non-government sources are recognised in income when the Group and 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 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 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 recognised in the period for which to which it relates and includes all fees payable by students or their sponsors.

##### **Investment income**

All income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

#### ***Agency arrangements***

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in note 26 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. No staff are wholly dedicated to the administration of discretionary support funds. These administration tasks are carried out by the College's student support staff.

#### ***Accounting for post-employment benefits***

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes.

##### ***Teachers' Pension Scheme (TPS)***

Contributions to the TPS are charged to the Statement of Comprehensive Income and Expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of the current and future pensionable payroll. The contributions have been determined by qualified actuaries on the basis of valuations using a prospective benefit method. As stated in note 24 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 scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### ***Local Government Pension Scheme (LGPS)***

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 liability. 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 is also recognised in the Statement of Comprehensive Income and Expenditure 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 as a result of the unused entitlement.

## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

#### ***Enhanced pensions***

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the College's Statement of Comprehensive Income and Expenditure in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

#### ***Tangible fixed assets***

##### ***Land and buildings***

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily 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 re-valued amount is released to the Statement of Comprehensive Income and Expenditure on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 30 and 50 years. On adoption of FRS 102 the College has followed the transitional provisions and has determined not to subsequently revalue its fixed assets from the amounts currently included within the financial statements. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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 capital grant account and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. 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 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 it is charged to income in the period it is incurred unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:-

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

## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

#### ***Building improvements***

Building improvement expenditure meeting the capitalisation criteria set out above is depreciated using the straight line method over its useful economic life as follows:

- 10 years – Building improvements

#### ***Equipment and vehicles***

Equipment costing less than £1,000 (including VAT) per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated using the straight line method over its useful economic life as follows:

- 3 to 4 years – IT Equipment
- 5 to 7 years – IT Infrastructure and Systems
- 5 to 10 years – Furniture, Fittings and non-IT Equipment
- 4 years – Vehicles

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

#### ***Leased assets***

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

#### ***Stocks***

Stocks are stated at the lower of their cost or net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

#### ***Maintenance of premises***

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period it is incurred.

## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

#### ***Taxation***

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

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

#### ***Cash and cash equivalents***

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

#### ***Provisions and contingent liabilities***

Provisions are recognised when the Group and 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.

A contingent liability arises from a past event that gives the Group and 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 Group and 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.

#### ***Financial liabilities***

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

## Notes to the Financial Statements

### 1 Accounting Policies (*continued*)

#### ***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 Group and 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 and the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

*Other key sources of estimation uncertainty include:*

- *Tangible fixed assets*

Tangible fixed assets, excluding land, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *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 24, 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. Any difference between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- *Legislation*

The impact of changes in legislation or changes following a court hearing will be determined by an assessment of the actual cost involved, or where this is not yet available, a management estimate using the best information available.

## Notes to the Financial Statements

### 2 Funding body grants

	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
Education and Skills Funding Agency – 16-18	41,629	41,629	37,737	37,737
Education and Skills Funding Agency – Adult	2,467	2,467	2,627	2,627
Education and Skills Funding Agency - Apprenticeships	1,565	1,453	1,978	1,448
Education and Skills Funding Agency – 16-18 non recurrent	502	502	518	518
Education and Skills Funding Agency – Adult non recurrent	137	137	235	235
Education and Skills Funding Agency – Other non recurrent Grant	597	597	2,545	2,545
Teacher Pension Scheme contribution grant	1,173	1,173	966	966
Office for Students	284	284	167	167
Release of Government deferred capital grant in respect of depreciation of grant funded buildings and equipment (note 23)	1,001	1,001	920	920
Grants from other funding bodies	655	655	542	542
<b>Total</b>	<b>50,010</b>	<b>49,898</b>	<b>48,235</b>	<b>47,705</b>
<b>Office for Students Grant analysis</b>				
<i>Grant income from the Office for Students</i>	53	53	58	58
<i>Grant income from other bodies</i>	231	231	109	109
<b>Total</b>	<b>284</b>	<b>284</b>	<b>167</b>	<b>167</b>

### 3 Tuition fees and education contracts

	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
Tuition fees	2,235	2,235	2,544	2,540
Education contracts	59	59	151	151
<b>Total</b>	<b>2,294</b>	<b>2,294</b>	<b>2,695</b>	<b>2,691</b>

### 4 Other grants and contracts

	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
Other grants and contracts	30	30	14	14
<b>Total</b>	<b>30</b>	<b>30</b>	<b>14</b>	<b>14</b>

## Notes to the Financial Statements

### 5 Other income

	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Rental income	86	86	151	151
Other income generating activities	202	202	274	274
Other grant income	265	5	9	9
Miscellaneous income	97	97	114	114
<b>Total</b>	<b>650</b>	<b>390</b>	<b>548</b>	<b>548</b>

The other grant income includes the Together Training Limited company closure grant of £260k from Oaklands College.

### 6 Investment income

	<b>2023/24</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Bank interest receivable	1,498	1,498	515	515
<b>Total</b>	<b>1,498</b>	<b>1,498</b>	<b>515</b>	<b>515</b>

During 2023/24, the College received £1,498k from bank interest on cash balances arising from the national bank base rate increases.

### 7 Staff numbers and costs

The average number of persons (including key management personnel) employed by the college during the year, on a headcount basis, was:

	<b>2023/24</b>	<b>2022/23</b>
	<b>Numbers</b>	<b>Numbers</b>
Teaching staff	459	472
Non-teaching staff*	447	455
<b>Total</b>	<b>906</b>	<b>927</b>

\* Non-teaching staff include those who work directly with students such as learning assistants and student advisors.



## Notes to the Financial Statements

### 7 Staff numbers and costs (continued)

Staff costs for the above persons were as follows:

	<b>2023/24 Group £'000s</b>	<b>2023/24 College £'000s</b>	<b>2022/23 Group £'000s</b>	<b>2022/23 College £'000s</b>
Salaries and wages	23,262	23,118	22,505	21,602
Social security costs	2,234	2,219	2,138	2,051
Other pension costs (including FRS 102 credit adjustment of £503k (2023:debit £220k) (note 25))	4,497	4,488	4,692	4,640
<b>Payroll Sub total</b>	<b>29,993</b>	<b>29,825</b>	<b>29,335</b>	<b>28,293</b>
Contracted out staff services	1,374	1,373	1,415	1,414
<b>Total staff cost</b>	<b>31,367</b>	<b>31,198</b>	<b>30,750</b>	<b>29,707</b>
Restructuring costs	111	69	247	225
<b>Total</b>	<b>31,478</b>	<b>31,267</b>	<b>30,997</b>	<b>29,932</b>

### 8 Key management personnel and other higher paid staff

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the College, namely the Principal and Chief Executive (who is also the Accounting Officer), the Principal at Barnfield, the Director of Finance, and the Corporation (although Corporation members are not remunerated for their services).

	<b>2023/24 No.</b>	<b>2022/23 No.</b>
The number of remunerated key management personnel was:	3	3

## Notes to the Financial Statements

### 8 Key management personnel and other higher paid staff (*continued*)

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

	Key management personnel		Other staff	
	2023/24 No.	2022/23 No.	2023/24 No.	2022/23 No.
£60,001 to £65,000	-	-	2	3
£65,001 to £70,000	-	-	-	-
£70,001 to £75,000	-	-	1	1
£75,001 to £80,000	-	-	-	6
£80,001 to £85,000	-	-	7	2
£85,001 to £90,000	-	-	2	-
£90,001 to £95,000	-	-	-	3
£95,001 to £100,000	-	1	3	-
£100,001 to £105,000	1	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	1	1	-	-
£175,001 to £180,000	-	-	-	-
£180,001 to £185,000	1	1	-	-
	<b>3</b>	<b>3</b>	<b>15</b>	<b>15</b>

Key management personnel emoluments are made up as follows:

	2023/24 £000s	2022/23 £000s
Salaries – gross of salary sacrifice	430	405
Employer's national insurance	62	59
Pension contributions	59	58
<b>Total</b>	<b>551</b>	<b>522</b>

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

The above emoluments include the following amounts payable to the Principal and Chief Executive (who was also the Accounting Officer and highest paid officer) of:

	2023/24 £000s	2022/23 £000s
Salary	195	183
Pension allowance	43	38
Pension contributions	-	-
<b>Total</b>	<b>238</b>	<b>221</b>

## Notes to the Financial Statements

### 8 Key management personnel and other higher paid staff (*continued*)

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The remuneration for the Principal and Chief Executive is subject to annual review by the Corporation, who use benchmarking information to provide objective guidance. The Corporation has adopted the AoC's Senior Post Holders Remuneration Code and assesses pay for the Principal and Chief Executive in line with its principles.

The Principal at Barnfield, and the Director of Finance report to the Principal and Chief Executive, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Principal and Chief Executive also uses benchmarking information (local/national colleges information) to provide objective guidance.

Relationship of Principal and Chief Executive's pay and remuneration expressed as a multiple:

	<b>2023/24</b>	<b>2022/23</b>
	<b>No.</b>	<b>No.</b>
Chief Executive's basic salary as a multiple of the median of all staff	6	6
Chief Executive's total remuneration as a multiple of the median of all staff	5	5

The members of the Corporation, other than the Accounting Officer and staff members, did not receive any payment from the institution.

### 9 Compensation for loss of office and severance payments

Compensation paid for loss of office to staff earning over £60,000 is set out in the following table:

	<b>2023/24</b>	<b>2022/23</b>
	<b>£</b>	<b>£</b>
Compensation paid to one former post-holder	-	29,940
Estimated value of other benefits, including provisions for pension benefits	-	-

The College paid special severance payments in the year totalling £13,665 (2023: £47,021). Individually, the payments in 2023-24 were £915, £4,000, and £8,750.

The college paid 18 severance payments in 2023-24 (2023: 10), which are disclosed in the following bands:

	<b>2023/24</b>	<b>2022/23</b>
	<b>Nos.</b>	<b>Nos.</b>
£0 to £25,000	18	9
£25,001 to £50,000	-	1

## Notes to the Financial Statements

### 10 Other operating expenses - Group and College

	2023/24 Group £000s	2023/24 College £000s	2022/23 Group £000s	2022/23 College £000s
Teaching costs	1,317	1,253	1,724	1,620
Non-teaching costs	6,919	7,161	8,880	8,832
Premises costs	6,523	6,523	4,561	4,561
<b>Total</b>	<b>14,759</b>	<b>14,937</b>	<b>15,165</b>	<b>15,013</b>

**Other operating expenses include:**

Auditor's remuneration:

Financial statements audit – current year	56	50	42	38
Internal audit	38	38	43	43
Hire of other assets – operating leases	582	582	580	580
Payments to subcontractors	285	285	685	685

### 10a Access and participation spending

	2023/24 £000s
Access, success and progression activity	53
Disability support	-
Hardship support	-
<b>Total</b>	<b>53</b>

### 11 Interest payable and other finance costs – Group and College

	2023/24 £000s	2022/23 £000s
Loans repayable in more than five years by instalments	208	200
Net interest on defined pension liability - TPS (note 23)	136	111
Net interest on defined pension liability - LGPS (note 25)	(13)	325
<b>Total</b>	<b>331</b>	<b>636</b>

### 12 Actuarial loss in respect of pension schemes – Group and College

	2023/24 £000s	2022/23 £000s
LGPS pension scheme (note 25)	(516)	9,717
TPS enhanced pension provision (note 23)	(192)	481
<b>Total</b>	<b>(708)</b>	<b>10,198</b>

## Notes to the Financial Statements

### 13 Taxation – Group and College

	<b>2023/24</b> <b>£000s</b>	<b>2022/23</b> <b>£000s</b>
United Kingdom corporation tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The members do not believe that the college was liable for any corporation tax arising out of its activities during either year.

### 14 Exceptional items

	<b>2023/24</b> <b>£000s</b>	<b>2022/23</b> <b>£000s</b>
Provision for Together Training closure loss	-	329
<b>Total</b>	<b>-</b>	<b>329</b>

### 15 Write offs and losses, Guarantees, letters of comfort and indemnities

During 2023/24, the College wrote off £1k of bad debts. The College also wrote off a £200k investment in Together Training Ltd with DfE approval.

There were no losses, guarantees, letters of comfort or indemnities in 2023/24.

## Notes to the Financial Statements

### 16 Tangible fixed assets – Group and College

	Land & buildings £000s	Vehicles & equipment £000s	Assets under construction £000s	Total £000s
<b>Cost or valuation</b>				
At 1 August 2023	152,692	17,546	3,284	173,522
Additions	490	733	21,567	22,790
<b>At 31 July 2024</b>	<b>153,182</b>	<b>18,279</b>	<b>24,851</b>	<b>196,312</b>
<b>Depreciation</b>				
At 1 August 2023	31,723	12,316	-	44,039
Charge for the year	2,947	1,008	-	3,955
<b>At 31 July 2024</b>	<b>34,670</b>	<b>13,324</b>	<b>-</b>	<b>47,994</b>
<b>Net book value at 31 July 2024</b>	<b>118,512</b>	<b>4,955</b>	<b>24,851</b>	<b>148,318</b>
<b>Net book value at 31 July 2023</b>	<b>120,969</b>	<b>5,230</b>	<b>3,284</b>	<b>129,483</b>

Land and buildings inherited at the time of the College's incorporation in 1993 were valued by Herts County Council and included in the Revaluation Reserve. Since land is not depreciated, this value has not changed since the end of the previous accounting period. Other tangible fixed assets inherited at incorporation were fully depreciated in an earlier accounting period.

### 17 Investment interests

Interests in subsidiary companies are as follows:-

West Herts College owns 200,001 of the 400,001 issued ordinary £1 shares of Together Training Ltd (TT), a company incorporated in England and Wales (Company number 09975696). The remainder of the shares are owned by Oaklands College. TT was created by West Herts College in January 2016, but remained dormant until West Herts College and Oaklands College agreed a Joint Venture Agreement in January 2017. This arrangement was revised on 31 July 2017 as outlined in this paragraph's initial sentence and the results of TT have been consolidated in these financial statements as described in the accounting policies. The principal business of TT is to deliver apprenticeship programmes to employers who are required to pay into the apprenticeship levy.

In 2023 both owner Colleges took the decision to bring TT to an orderly close, while ensuring that all existing learners complete their learning which is expected around August 2024. In 2023/24, TT made a loss of £180,413. A consent request was submitted and the DfE approved that both owner Colleges can grant fund £260k each for the TT closure costs.

TT received a Company Closure Grant of £520,000 from the owner colleges during 2023/24 and ended the year with a profit of £339,587 with £167,794 attributed to Oaklands College as a minority interest.

West Herts College owns 100% of the 10,000 issued ordinary £1 shares of Learning Works for Business Limited (LWL), a company incorporated in England and Wales (Company number 06477767). The principal business activity of LWL was to market and sell training to the local public and businesses on a cost recovery basis. The company ceased trading in May 2010 and remains dormant. The activities previously carried out by LWL are currently being carried out directly by the College.

## Notes to the Financial Statements

### 18 Current investments

	2023/24 £000s	2022/23 £000s
Short term deposit	-	10,000

Deposits were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits were fixed for the duration of the deposit.

### 19 Trade and other receivables

	2023/24 Group £000s	2023/24 College £000s	2022/23 Group £000s	2022/23 College £000s
<b>Amounts falling due within one year:</b>				
Trade receivables	15	20	244	834
Prepayments	951	951	1,000	1,000
Accrued income	104	104	280	280
Debtors - Other	153	153	79	79
<b>Total</b>	<b>1,223</b>	<b>1,228</b>	<b>1,603</b>	<b>2,193</b>

### 20 Creditors: amounts falling due within one year

	2023/24 Group £000s	2023/24 College £000s	2022/23 Group £000s	2022/23 College £000s
Bank loans (note 22)	556	556	530	530
Trade creditors	179	179	557	557
Other creditors	349	349	266	266
Other taxation and social security	454	454	569	569
Accruals (fixed assets)	88	88	1,236	1,236
Accruals (employee leave)	734	734	754	754
Accruals (other)	2,579	2,535	3,120	3,064
Income in advance	263	263	194	194
Deferred income	1,586	1,586	1,276	1,276
Deferred SDF income	-	-	241	241
Deferred government capital grant (note 24)	1,382	1,382	1,001	1,001
Amounts owed to the ESFA	1,170	1,170	1,226	1,226
Amounts owed to the GLA	79	79	134	134
Amounts owed to the OfS	52	52	38	38
<b>Total</b>	<b>9,471</b>	<b>9,427</b>	<b>11,142</b>	<b>11,086</b>

## Notes to the Financial Statements

### 21 Creditors: amounts falling due after more than one year

	2023/24 Group £000s	2023/24 College £000s	2022/23 Group £000s	2022/23 College £000s
Bank loans (note 22)	4,405	4,405	4,961	4,961
Deferred government capital grants (note 24)	40,024	40,024	31,036	31,036
<b>Total</b>	<b>44,429</b>	<b>44,429</b>	<b>35,997</b>	<b>35,997</b>

### 22 Maturity of debt

	2023/24 Group £000s	2023/24 College £000s	2022/23 Group £000s	2022/23 College £000s
Bank loans:				
Bank loans repayable within one year	556	556	530	530
Bank loans repayable between one and two years	566	566	544	544
Bank loans repayable between two and five years	1,765	1,765	1,714	1,714
Bank loans repayable in five years or more	2,074	2,074	2,703	2,703
<b>Total</b>	<b>4,961</b>	<b>4,961</b>	<b>5,491</b>	<b>5,491</b>

The total bank loans of £4,961k are the amounts outstanding at 31 July 2024 related to the following three loans :-

- £2,023k at a fixed rate of interest of 4.99% for 8 years to 2032.
- £1,875k for 8 years to 2032 at variable rate of interest.
- £1,063k for 8 years to 2032 at a variable rate of interest.

All of these loans are secured against the College's Watford Campus.

### 23 Provisions for liabilities and charges – Group and College

Enhanced pension provision:	TPS £000s	LGPS £000s	Total £000s
At 1 August 2023	2,714	19	2,733
Expenditure in the year	(324)	-	(324)
Transferred to Statement of Comprehensive Income and Expenditure (note 11)	136	-	136
Transferred to Actuarial loss in respect of pension schemes (note 12)	192	-	192
<b>At 31 July 2024</b>	<b>2,718</b>	<b>19</b>	<b>2,737</b>

The enhanced pension provisions relate to the cost of staff that have already left the College or who left the College following a restructuring carried out during the year. These provisions have been recalculated in accordance with guidance issued by the ESFA. The principal assumptions for this calculation are:-

	2024	2023
Interest rate	4.80%	5.00%
Net interest rate	2.80%	2.80%



## Notes to the Financial Statements

### 24 Deferred capital grants

	<b>Total £000s</b>
At 1 August 2023	<b>32,037</b>
Cash received / receivable	10,370
Released to income and expenditure account in respect of depreciation (note 2)	(1,001)
<b>At 31 July 2024</b>	<b>41,406</b>
Of which:	
Due to be released within one year (note 20)	1,382
Due to be released after one year (note 21)	40,024
<b>Total</b>	<b>41,406</b>

### 25 Pensions and similar obligations (*College only*)

The College's employees belong to two principal pension schemes - the Teachers' Pension Scheme England & Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff. The LGPS scheme is managed by Hertfordshire County Council. Both are defined benefit schemes.

#### Total pension cost for the year

	<b>2023/24 £000s</b>	<b>2022/23 £000s</b>
Teachers' Pension Scheme – contributions paid	3032	2,517
Local Government Pension Scheme:		
Contributions paid	1,959	1,903
FRS 102 (28) credit	(503)	220
Charge to the Statement of Comprehensive Income and Expenditure	1,456	2,123
<b>Total College pension cost for the year (note 7)</b>	<b>4,488</b>	<b>4,640</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS scheme was at 31 March 2020. For the LGPS scheme the last full actuarial valuation was at 31 March 2022.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary – aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

## Notes to the Financial Statements

### 25 Pensions and similar obligations (*continued*)

#### Teachers' Pension Scheme budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### Valuation of the Teachers' Pension Scheme

The actuarial valuation of the TPS which applied during the year ended 31 July 2024 was carried out as at 31 March 2020 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education in October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 22/23). DfE has agreed to pay teachers' pension employer contribution grant to cover the additional costs during the 2023/24 academic year;
- total scheme liabilities for service to the effective date of £262 billion, and notional assets of £222 billion, giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation); and
- an employee cost cap of 10.9% of pensionable pay.

A full copy of the valuation report and supporting documentation can be found on the [Teachers' Pensions Scheme website at the following location:](#)

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

#### FRS 102 (28)

Under the definitions set out in FRS 102 (28.11) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. 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 scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

## Notes to the Financial Statements

### 25 Pensions and similar obligations (*continued*)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme with the assets held in separate funds administered by Hertfordshire County Council. The total contribution made for the year ended 31 July 2024 was £2,509k (2022: £2,403k) of which employer's contributions totalled £1,995 (2022: £1,925k) and employees' contributions totalled £514k (2022: £478k). The current employer contribution rate is 24.5%.

#### Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2024 by a qualified independent actuary.

	31 July 2024	31 July 2023
Rate of increase in salaries	3.25%	3.50%
Future pensions increase	2.75%	3.00%
Discount rate for scheme liabilities	5.00%	5.05%
Inflation assumption (CPI) *	2.90%	2.90%
Commutation of pensions to lump sums – pre April 2008 service	50%	50%
Commutation of pensions to lump sums – post April 2008 service	75%	75%

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

	At 31 July 2024	At 31 July 2023
Retiring Today :-		
Males	20.9	21.0
Females	24.2	24.2
Retiring in 20 Years :-		
Males	22.2	22.1
Females	25.5	25.5

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

	Fair value at 31 July 2024	Fair value at 31 July 2023
	£000s	£000s
Equity instruments	49,444	42,251
Debt instruments	23,017	15,943
Property	10,230	11,160
Cash	2,557	10,363
<b>Total fair value of plan assets</b>	<b>85,248</b>	<b>79,717</b>

## Notes to the Financial Statements

### 25 Pensions and similar obligations (*continued*)

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

	At 31 July 2024	At 31 July 2023
	£000s	£000s
Fair value of plan assets	85,248	79,717
Present value of funded liabilities	(79,379)	(77,166)
Asset ceiling adjustment	(5,869)	(2,551)
<b>Deficit in the scheme</b>	-	-

The estimated value of the Local Government Pension Scheme provided by the scheme's actuary resulted in a surplus of £5,869k at the year end. As there is no indication as to whether the College will be able to recover the surplus under the scheme rules, the gain on the overall liability has been capped by using an asset ceiling adjustment to show neither an asset or liability on the balance sheet which is in line with accounting standards.

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

	2023/24 £000s	2022/23 £000s
Amounts included in staff costs		
Current service cost	(1,492)	(2,145)
Amounts included in interest and other finance costs	13	(325)
Amounts recognised in Other Comprehensive Income		
Actuarial gain/(loss)	5,353	12,268
Asset ceiling adjustment	(5,869)	(2,551)

Movement in net defined benefit (liability) during the year

	2023/24 £000s	2022/23 £000s
Deficit in the scheme at 1 August	-	(9,172)
Movement in the year:		
Current service charge	(1,492)	(2,145)
Employer contributions	1,995	1,925
Net interest on liability	13	(325)
Actuarial gain	5,353	12,268
Asset ceiling adjustment	(5,869)	(2,551)
<b>Deficit in the scheme at 31 July</b>	-	-

## Notes to the Financial Statements

### 25 Pensions and similar obligations (*continued*)

#### Asset and liability reconciliation

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000s</b>	<b>£000s</b>
<b>Changes in the present value of defined benefit obligations</b>		
Opening defined benefit obligation	77,166	94,872
Current service cost	1,492	2,145
Interest cost	3,864	3,315
Contributions by members	514	478
Changes in financial assumptions	(347)	(20,837)
Estimated benefits paid	(3,310)	(2,807)
<b>Closing defined benefit obligation</b>	<b>79,379</b>	<b>77,166</b>

	<b>2023/24</b>	<b>2022/23</b>
	<b>£000s</b>	<b>£000s</b>
<b>Change in fair value of plan assets</b>		
Opening fair value of employer assets	79,717	85,700
Interest on plan assets	4,006	2,990
Contributions by members	514	478
Contributions by the employer	1,995	1,925
Return on plan assets	2,326	(8,569)
Estimated benefits paid	(3,310)	(2,807)
<b>Closing fair value of employer assets</b>	<b>85,248</b>	<b>79,717</b>

### 26 Capital commitments

<b>Group and College</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000s</b>	<b>£000s</b>
Commitments contracted for at 31 July	7,514	29,382
Authorised but not contracted for at 31 July	7,448	6,967

The above commitments include £13.57m at 31 July 24 which relates to the Barnfield College New Bedford Road redevelopment – Phase 2.

## Notes to the Financial Statements

### 27 Financial commitments

At 31 July, the College had minimum lease payments under non-cancellable operating leases for IT equipment as set out below:-

Future minimum lease payments due:

<b>Group and College</b>	<b>2023/24 £000s</b>	<b>2022/23 £000s</b>
Not later than one year	399	531
Later than one year and not later than five years	247	560
<b>Total financial commitments</b>	<b>646</b>	<b>1,091</b>

### 28 Contingent liabilities

In the year ended July 2016 the College received an exemption on VAT of £973k input VAT from HMRC in respect of the construction cost of Phase 1 building work at the Hemel Campus. The refund was based on building usage ratio, which may change in future years. Whilst no change is anticipated, should such a change occur within 10 years from the date of practical completion of the works, a portion of or the entire amount of £973k could become due and payable by the College to HMRC.

The College has a certificate for zero-rated and reduced rated building work for the Phase 1 building work at New Bedford Road Campus in line with VAT notice 708. The certificate provides an exemption on input VAT, which has been assessed at £1.851m. The exemption was based on building usage ratio, which may change in future years. Whilst no change is anticipated, should such a change occur within 10 years from the July 2022 date of practical completion of the works, a portion of or the entire amount of £1.851m could become due and payable by the College to HMRC.

The College has a certificate for zero-rated and reduced rated building work for the Phase 2 building work at New Bedford Road Campus in line with VAT notice 708. The certificate provides an exemption on input VAT, which has been assessed up to July 24 at £987k. The exemption was based on building usage ratio, which may change in future years. Whilst no change is anticipated, should such a change occur within 10 years from the date of practical completion of the works, a portion of or the entire amount of £987k could become due and payable by the College to HMRC.

### 29 Amounts disbursed as agent

<b>Discretionary Support Fund:-</b>	<b>2023/24 £000s</b>	<b>2022/23 £000s</b>
Funding body grants – hardship support	694	719
Disbursed to students	(493)	(506)
Administration costs	(27)	(26)
<b>Balance unspent as at 31 July included in creditors</b>	<b>175</b>	<b>187</b>

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

## Notes to the Financial Statements

### 30 Related party transactions

No remuneration or expenses were paid to members of the Corporation related to their role as Corporation member. Remuneration and expenses were paid to staff members of the Corporation relating to their staff role only.

The related party transactions between the College and its subsidiary Together Training Ltd were as follows:

	<b>West Herts College £000s</b>
Charge made by Together Training to the college	260
Charge made by the college to Together Training	293

At 31 July 2024, amounts of £4,919 (2023 - £619,343) were owed by Together Training to West Herts College, £nil (2022 - £nil) was owed to the Company by West Herts College.