



West Herts College

Report and Financial Statements

For The Year Ended 31 July 2022



CONTENTS

	Page(s)
Operating and Financial Review	3-15
Professional Advisors	16
Statement of Corporate Governance and Internal Control	17-25
Statement of Regularity, Propriety and Compliance	26
Statement of Responsibilities of the Members of the Corporation	27-28
Independent Auditor's Report to the Corporation of West Herts College	29-33
Independent Reporting Accountant's Report on Regularity	34-35
Statements of Comprehensive Income and Expenditure	36
Statement of Changes in Reserves	37
Balance Sheets	38
Statement of Consolidated Cash Flows	39
Notes to the Financial Statements	40-62

Operating and Financial Review

Introduction

The members of the Corporation present their report and the audited financial statements for the year ended 31 July 2022.

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.

At midnight on 31 January 2019, West Herts College merged its activities with those of Barnfield College under a Type B merger. At that time/date, all assets, liabilities and activities of Barnfield College transferred to West Herts College as the continuing College, and Barnfield College as a separate legal entity was dissolved. 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 principle 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 6,030 such students enrolled at the College during 2021/22.

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 2,890 adults in 2021/22. 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 2021/22 Apprenticeship Frameworks and Standards were delivered to over 480 learners at Intermediate, Advanced and Higher levels with the majority of apprentices enrolled onto apprenticeships in construction and engineering. In order to expand further into the apprenticeship market, and to exploit the potential opportunities for growth resulting from the introduction of the apprenticeship levy, the College entered into a partnership with Oaklands College in January 2017 to deliver apprenticeship training through a jointly owned company, Together Training Ltd. Together Training Ltd continued to grow in 2021/22, its fifth full year of trading, and was instrumental in 217 apprenticeship enrolments. The company made its first trading profit in 2019/20 and, has been profitable each year since. With its strong start in 2022/23 this successful trading is expected to continue in the year ahead.

In addition to its Further Education provision, the College delivered Higher Education provision to 310 Higher Education students in 2021/22. These students were enrolled onto Foundation Degrees delivered in partnership with the University of Hertfordshire or the University of Bedfordshire, 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 December 2021 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, Apprenticeships and Provision for Learners with High Needs; and the following areas as "Good" :- the Quality of Education, Behaviour and Attitudes, and Education Programmes for Young People. Ofsted also confirmed that the College's arrangements for safeguarding are effective. The Corporation was pleased with this report and the positive outcomes especially given that this was the first Ofsted Inspection since the merger with Barnfield College, and the unprecedented and challenging circumstances of the pandemic.

In July 2022, the construction of our new multi-million-pound College building at our New Bedford Road Campus was completed, and the new building will be brought into use for the 2022-23 academic year.

The unprecedented Covid-19 pandemic brought many challenges, to which the College has effectively responded. The College remained open to all students in a Covid-secure environment during 2021-22. The College has followed the Government's guidance throughout the pandemic and works closely with Public Health England.

Public benefit 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 benefits statement (continued)

"We will provide a broad range of 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 people to develop the skills and experiences needed for success in life and at work. We commit to this in the knowledge that: -
 - Professional skills are central both to individual earning power and the collective productivity of our local economies;
 - English and maths skills are essential to accessing opportunities; and
 - The aspirations of many in our communities are challenged by the high cost of living.
- Will engage with as many people and organisations as possible, working in partnership whenever this is most appropriate for maximising benefits across our communities, with the views of these 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 is central to this commitment.
- 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 that enable people to pursue personal interests and passions.
- 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 local people to gather and engage in learning and recreational activities, whether organised by the College or appropriate stakeholders.
- Will take responsible decisions, utilising public funds appropriately and always seeking to prioritise expenditure and investment to benefit local people and our communities.

Strategic Plan

Following the merger with Barnfield College, the College approved a new Strategic Plan 2018-21. Central to this plan is its vision to play a leading role in transforming life chances. The College's mission, shared values and aims are set out below:

Operating and Financial Review (*continued*)

Strategic Plan (*continued*)

Mission

The College will inspire achievement and success in ways which stimulate:

- A competitive edge in our students;
- A spirit of enterprise and innovation across our communities; and
- Growth in our local economy and communities

Shared Values

Focus

- Lifelong: Our services will be relevant and accessible to people throughout their lives
- Future proofed: We will anticipate emerging careers and target these priority skills
- Achievement: Ambition and resilience will be cornerstones of our students' sustainable success

Behaviour

- Accountable: Our evidence-based decisions will deliver value for money for everyone we serve
- Respectful: We will encourage open communication – enabling all in our communities to flourish
- Integrity: Our civic responsibility will combine ethical practices with a focus on social and economic priorities.

The plan also sets out the following seven strategic aims:

Aim 1: Students: Students will be equipped with the skills they need to maximise opportunities in life and at work

Aim 2: Employees: Employees will reach their full potential for creating transformative life chances for students

Aim 3: Communities: The College will be rooted in its local economies, boosting productivity and delivering growth across key income streams

Aim 4: Finance: The College will sustain the financial strength required to deliver high-quality services in response to new challenges

Operating and Financial Review (*continued*)

Strategic Plan (*continued*)

Aim 5: Niche Curriculum Specialisms: The College will be known as a specialist skills provider supporting niche sectors with high growth potential

Aim 6: Dynamic Public Partnerships: The College will build partnerships and stakeholder coalitions:

- Focusing organisational capabilities on immediate skills needs
- Developing the longer-term aspirations of young people and adults

Aim 7: College Estate Development. The College Estate in Luton will: -

- Provide a fit-for-purpose campus that facilitates the delivery of modern skills aligned to local and regional labour market needs
- Enable future growth by attracting and retaining a wider range of students and businesses

Each of these aims will be assessed against measures of success which will be evaluated at key stages in the plans progress.

Performance indicators

The table below shows the top-level performance targets set for the College for 2021/22 following the 2020/21 annual self-assessment.

Area for Improvement	Target Outcomes
Apprenticeship provision will be underpinned by a clear strategic intent and be consistently high quality across all campuses.	The College's apprenticeship provision was judged to be Outstanding by Ofsted during a full inspection of the College in 2021.
Students aged 16-18 at Barnfield College: Vocational qualification achievement rate.	The qualification achievement rates at Barnfield College are broadly in line with West Herts College, they either achieve or exceed national averages.
Students aged 16-18 at Barnfield College and West Herts College: Achievement rate and Pass rate of grades 9-4 for English and Maths.	Majority of students undertaking English and Maths qualifications make progress. The number of students achieving grades 9-4 in the subjects are broadly in line with national averages.
Student Progression at Barnfield College and West Herts College: Progression from level 1 to level 2 vocational qualifications.	Progression rates between qualification levels across the College Group are positive and achieve expectations.

<p>Education programmes for young people at Barnfield College and West Herts College: Destination data will be collected routinely and used to inform key curriculum and student decision-making.</p>	<p>Destination data is collected routinely to show the next steps achieved by college leavers. The majority achieve positive destinations in line with their aspirations.</p>
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Financial Health

a. Financial Performance

The Group generated a deficit before non-operating items for 2021/22 of **£1.988m** (2020/21 surplus £1.413m).

For the purposes of the College's loan covenants, FRS102 pension charges of **£3.072m** are excluded, giving a revised Group surplus before tax for the year of **£1.084m**. This is outlined in the table below:

	£000
College Group – Deficit before non-operating items	(1,988)
FRS102 – Enhanced Pension net interest (note 20)	65
FRS102 – Net interest on Pension Fund assets (note 22)	689
FRS102 – Pension cost (note 22)	2,318
College Group – Surplus excluding FRS102 pension adjustments and taxation	1,084

b. Liquidity

At 31 July 2022, the College Group had **£25.578m** 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 £7.168m less than the £32.746m cash held as at 31 July 2021.

The College's £20.578m cash balance at 31 July 2022 is equivalent to 210 cash days and, when contrasted against its current liabilities at 31 July 2022 of £10.187m, represents a high level of solvency as exemplified by the College's current ratio at this date of 3.2. The cash balance with the short-term deposit balance of £5m 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.

Operating and Financial Review (*continued*)

Financial Health (*continued*)

c. Gearing

The College had borrowings of £6.008m at 31 July 2022, of which £0.517m is payable in 2022/23. All College's borrowings are long-term loans and are due to be repaid in full by 2032. As a result, the College's borrowing represents 5.5% of the College's net assets (excluding pension liabilities). £4.696m of the College's borrowings are subject to a fixed interest rate, the earliest of which expires in 2024, providing further stability to the College Group's finances.

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 2021/22. 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;

Operating and Financial Review (*continued*)

Reserve Policy (*continued*)

- 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.

At 31 July 2022 the College had:

- Total net assets (excluding the £3.7m pension liability) of £109.1m (2021: £107.7m); and
- Cash at bank and in hand and short-term deposits totalling £25.6m (2021: £32.7m). 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, which will include the disposal of the campus at Enterprise Way.

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 2022.

a) Vulnerability of HE Provision

New flexibilities within Higher Education have led to a highly competitive environment. Furthermore, the College is dependent on the University of Hertfordshire and the University of Bedfordshire for much of its student numbers through the clearing process.

In order to retain and grow its market share the College continues to seek to grow its offer to ensure it is maximising its appeal to potential students, in particular by developing its own HNDs.

Operating and Financial Review (*continued*)

Principal Risks and Uncertainties (*continued*)

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) Increase in Utility Costs

The Global increases in energy costs is placing significant pressures on the College's resources.

Energy costs are being fixed at rates that are significantly higher than previous energy costs. The College's budget for 2022-23 includes uplifts to reflect these higher costs, and the College will access the Government's Energy Bills Relief Scheme for further financial support.

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 Colleges 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.

Operating and Financial Review (*continued*)

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.

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 legislation 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.

Operating and Financial Review (*continued*)

Equal Opportunities and Employment of Disabled Persons (*continued*)

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).

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and in particular makes the following commitments:

- 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

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

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 **7 December 2022** and signed on its behalf by:



P. Thompson
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 Code of Good Governance for English Colleges issued in September 2021; 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 2022. 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 (if earlier than term expiry)	Status of appointment	Committees served
Guy Ainsley	14.07.21	2 years		Independent	Audit
Phil Berry	18.04.22	2 years		Independent	
Amelia Brennan	12.10.22	to 13.07.23		Student	
Sue Farnfield	08.12.21	2 years	17 May 2022	Teaching Staff	
Marie Gardner	12.10.22	2 years		Teaching Staff	
Irina Kendix	12.05.21	2 years		Independent	Audit
Richard Lewis	14.07.21	2 years		Independent	
Matt Luheshi	14.07.21	2 years		Independent	Search
Heather Lunn	13.10.21	to 17.06.22		Student	
Chris Nicholls	03.03.21	2 years		Independent	Audit
Jamie Robertson	13.10.21	to 17.06.22		Student	
Jason Smith	08.07.22	2 years		Independent	Audit
Ben Stapleton	03.03.21	2 years		Independent	Audit
Harvey Sullivan	12.10.22	to 13.07.23		Student	
Phil Thompson	01.08.22	2 years		Independent	Search, Remuneration
Paul Thompson	03.03.21	2 years		Independent	
Alberto Ucci	04.02.21	2 years	9 November 2021	Teaching Staff	
Gill Worgan	01.01.11	N/A		Principal	Search
David York	08.12.21	2 years		Support Staff	

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

Details of the attendance record of Governors who served in 2021/22 are shown below: -

	Corporation	Audit	Search & Governance
	9 scheduled meetings (no. out of possible) *	4 scheduled meetings (no. out of possible) *	1 meeting (no. out of possible) *
Guy Ainsley	67%	75%	
Phil Berry	89%		
Sue Farnfield	80% (4/5)		
Irina Kendix	100%	100%	
Richard Lewis	100%		
Matt Luheshi	100%		100%
Heather Lunn	50% (4/8)		
Chris Nicholls	100%	100%	
Jamie Robertson	63% (5/8)		
Jason Smith	78%	100% (1/1)	
Ben Stapleton	100%	100%	
Phil Thompson	100%		100%
Paul Thompson	78%		
Alberto Ucci	0% (0/1)		
Gill Worgan	89%		100%
David York	67%		

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

The role of Clerk to the Corporation from 1 August 2021 until 31 July 2022 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 2021/22 and there was also one Special Corporation meeting. The Special Corporation meeting in January 2022 was held virtually and all other meetings were held face-to-face. 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 and personnel related matters such as 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 intends to commission an external independent review of governance in 2022-23.

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

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, the AoC Audit Committee Development Group, and an Audit Committee Masterclass. 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. The Corporation was provided with training on Ofsted Inspections, and Safeguarding training is undertaken by all governors annually.

In 2021-22, the Clerk undertook training on Equal Opportunities, Safeguarding, and Health and Safety. The Clerk passed the ETF Governance Professionals Development Programme (expert level) and gained membership to the Institute of Leadership and Management. The Clerk is part of a regional clerks network, and also receives regular updates from the AoC, DfE, ILM and ETF.

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.

Remuneration

Throughout the year ended 31 July 2022 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 2022 are set out in note 8 to the financial statements.

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

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 four 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 2022 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.

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.

Review of Effectiveness (continued)

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.

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.

Statement of Corporate Governance and Internal control (continued)

Internal Control (continued)

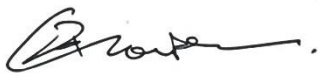
The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the College Leadership Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

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. 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: -



P. Thompson
Chair
7 December 2022



G. Worgan
Principal and Chief Executive
7 December 2022

Statement of Regularity, Propriety and Compliance

As Accounting Officer, I confirm that the Corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with 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 terms and conditions of funding, under the Corporation's grant funding agreements and contracts with ESFA, or any other public funder.

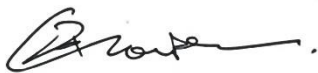
I confirm that no instances of material irregularity, impropriety or funding noncompliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.



G. Worgan
Principal and Chief Executive
7 December 2022

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.



P. Thompson
Chair
7 December 2022

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 corporation's grant funding agreements and contracts with ESFA, 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)
- 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, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. 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 and other public bodies are not put at risk.

Approved by order of the members of the corporation on 7 December 2022 and signed on its behalf by:



P. Thompson

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 2022 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 2022 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. 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: 8 December 2022

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 2022 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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 2021 to 31 July 2022 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
8th December 2022

Statements of Comprehensive Income and Expenditure for the year ended 31 July 2022

	Note	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Income:					
Funding body grants	2	42,645	41,510	42,569	41,442
Tuition fees and education contracts	3	2,933	2,931	3,218	3,216
Other grants and contracts	4	-	-	49	49
Other income	5	470	470	513	511
Investment income	6	5	5	7	7
Total Income		46,053	44,916	46,356	45,225
Expenditure:					
Staff costs	7	31,929	31,000	29,017	28,173
Restructuring costs	7	131	131	244	244
Other operating expenses	9	12,024	11,900	11,370	11,215
Depreciation	13	3,028	3,028	3,515	3,515
Interest and other finance costs	11	929	929	797	797
Total Expenditure		48,041	46,988	44,943	43,944
(Deficit)/Surplus before non-operating items		(1,988)	(2,072)	1,413	1,281
Surplus on disposal of fixed assets		-	-	3,027	3,027
Net income attributable to minority interest	14	(42)	-	(66)	-
(Deficit)/Surplus for the year		(2,030)	(2,072)	4,374	4,308
Actuarial gain/(loss) in respect of pension schemes	10	36,200	36,200	(428)	(428)
Total Comprehensive Income for the year		34,170	34,128	3,946	3,880

	Note	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
(Deficit)/Surplus before non-operating items		(1,988)	(2,072)	1,413	1,281
<i>Exceptional items:</i>					
FRS102 Enhanced pension net interest	20	65	65	57	57
FRS102 Pension adjustments: Staff costs	22	2,318	2,318	1,660	1,660
FRS102 Pension adjustments: Interest payable	22	689	689	559	559
Operating Surplus		1,084	1,000	3,689	3,557

Statement of Changes in Reserves for the year ended 31 July 2022

	Minority Interest	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s	£000s
Group					
Balance as at 1 August 2020	200	56,570	5,052	7	61,829
Surplus from the income and expenditure 2020/21	-	4,374	-	-	4,374
Other comprehensive income	-	(428)	-	-	(428)
Balance as at 31 July 2021	200	60,516	5,052	7	65,775
Deficit from the income and expenditure 2021/22	-	(2,030)	-	-	(2,030)
Other comprehensive income	-	36,200	-	-	36,200
Balance at 31 July 2022	200	94,686	5,052	7	99,945

	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s
College				
Balance as at 1 August 2020	56,701	5,052	7	61,760
Surplus from the income and expenditure 2020/21	4,308	-	-	4,308
Other comprehensive income	(428)	-	-	(428)
Balance as at 31 July 2021	60,581	5,052	7	65,640
Deficit from the income and expenditure 2021/22	(2,072)	-	-	(2,072)
Other comprehensive income	36,200	-	-	36,200
Balance at 31 July 2022	94,709	5,052	7	99,768

Balance Sheets at 31 July 2022

	Note	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Fixed assets					
Tangible assets	13	128,700	128,700	111,476	111,476
Total fixed assets		128,700	128,700	111,476	111,476
Investment assets	14	-	200	-	200
Current assets					
Stock		11	11	11	11
Trade and other receivables	16	2,428	2,360	9,760	9,716
Short term deposit	15	5,000	5,000	5,000	5,000
Cash at bank and in hand		20,578	20,278	27,746	27,516
Total current assets		28,017	27,649	42,517	42,243
Creditors: amounts falling due within one year	17	(10,187)	(10,167)	(7,644)	(7,634)
Net current assets		17,830	17,482	34,873	34,609
Total assets less current liabilities		146,530	146,382	146,349	146,285
Creditors: amounts falling due after one year	18	(34,051)	(34,051)	(34,664)	(34,664)
Provisions for liabilities and charges	20	(3,391)	(3,391)	(4,056)	(4,056)
Minority interest	14	29	-	71	-
Net assets excluding pension liability		109,117	108,940	107,700	107,565
Net pension liability	22	(9,172)	(9,172)	(41,925)	(41,925)
TOTAL NET ASSETS		99,945	99,768	65,775	65,640
Restricted reserves					
Endowments		7	7	7	7
Total Restricted reserves		7	7	7	7
Unrestricted reserves:					
Income and expenditure account		94,686	94,709	60,516	60,581
Revaluation reserve		5,052	5,052	5,052	5,052
Minority interest	14	200	-	200	-
Total Unrestricted reserves		99,938	99,761	65,768	65,633
TOTAL RESERVES		99,945	99,768	65,775	65,640

The financial statements on pages 36 to 62 were approved by the Corporation on **7 December 2022** and signed on its behalf by:



P. Thompson
Chair



G. Worgan
Principal and Chief Executive

Statement of Consolidated Cash Flows **for the year ended 31 July 2022**

	2021/22	2020/21
	£'000s	£'000s
Cash inflow from operating activities		
(Deficit)/Surplus for the year	(2,030)	4,374
Adjustment for non-cash items:		
Depreciation	3,028	3,515
Decrease/(Increase) in debtors	7,332	(617)
Increase/(Decrease) in creditors due within one year	687	(738)
(Decrease) in provisions	(290)	(291)
Pensions costs less contributions payable	2,318	1,660
Minority Interest	42	66
Adjustment for investing or financing activities:		
Investment income	(5)	(7)
Interest and other finance costs	929	797
Profit on disposal of fixed assets	-	(3,027)
Decrease in deferred capital grants	(700)	(731)
Net cash flow from operating activities	11,311	5,001
Cash flows from investing activities		
Investment income	5	7
Payments made to acquire fixed assets	(18,554)	(4,487)
Proceeds from sale of land	-	7,300
Total cash flows from investing activities	(18,549)	2,820
Cash flows from financing activities		
Interest paid	(175)	(181)
Capital grants received	750	5,873
Bank loans repaid	(505)	(494)
Total cash flows from financing activities	70	5,198
(Decrease)/Increase in cash and cash equivalents in the year	(7,168)	13,019
Cash and cash equivalents at beginning of year	27,746	14,727
Cash and cash equivalents at end of year	20,578	27,746

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 2021 to 2022* 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 as modified by the revaluation of certain fixed assets.

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 2022.

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 2022 the Group and the College had £6,008k of loans outstanding with bankers on terms negotiated in 2009 and 2010. The terms of the existing agreement are for up to another 10 years. Also, as at 31 July 2022, the Group and the College had cash at bank, in hand, and on short term deposit totalling over £25.6m, and net current assets of £17.830m. The Group and the College's forecasts and financial projections (which include an assessment of the potential financial impact of the Covid-19 pandemic, and 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.

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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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.

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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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 22 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.

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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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.

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

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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.

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 Chapter 3 Part 11 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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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.

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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Education and Skills Funding Agency – 16-18	34,556	34,556	33,546	33,546
Education and Skills Funding Agency – Adult	2,678	2,678	3,875	3,875
Education and Skills Funding Agency - Apprenticeships	2,452	1,317	2,031	904
Education and Skills Funding Agency – 16-18 non recurrent	346	346	278	278
Education and Skills Funding Agency – Adult non recurrent	297	297	210	210
Teacher Pension Scheme contribution grant	842	842	928	928
Office for Students	183	183	218	218
Release of Government deferred capital grant in respect of depreciation of grant funded buildings and equipment (note 21)	700	700	731	731
Grants from other funding bodies	591	591	752	752
Total	42,645	41,510	42,569	41,442
Office for Students Grant analysis				
Grant income from the Office for Students	66	66	99	99
Grant income from other bodies	117	117	119	119
Total	183	183	218	218

3 Tuition fees and education contracts

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Tuition fees	2,808	2,806	3,086	3,084
Education contracts	125	125	132	132
Total	2,933	2,931	3,218	3,216

4 Other grants and contracts

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Other grants and contracts	-	-	7	7
Coronavirus Job Retention Scheme grant	-	-	42	42
Total	-	-	49	49

Notes to the Financial Statements

5 Other income

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Rental income	45	45	46	46
Barnfield Catering	-	-	9	9
Other income generating activities	178	178	167	167
Other grant income	10	10	105	105
Miscellaneous income	237	237	186	184
Total	470	470	513	511

6 Investment income

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Bank interest receivable	5	5	7	7
Total	5	5	7	7

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:

	2021/22 Numbers	2020/21 Numbers
Teaching staff	471	434
Non-teaching staff*	441	515
Total	912	949

* 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:

	2021/22 Group £'000s	2021/22 College £'000s	2020/21 Group £'000s	2020/21 College £'000s
Salaries and wages	22,135	21,358	20,851	20,166
Social security costs	2,051	1,971	1,939	1,869
Other pension costs (including FRS 102 debit adjustment of £2,318k (2021:debit £1,660k) (note 22))	6,603	6,548	5,933	5,847
Payroll Sub total	30,789	29,877	28,723	27,882
Contracted out staff services	1,140	1,123	294	291
Total staff cost	31,929	31,000	29,017	28,173
Restructuring costs	131	131	244	244
Total	32,060	31,131	29,261	28,417

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, three Deputy Principals and the Director of Finance, and the Corporation (although Corporation members are not remunerated for their services).

	2021/22 No.	2020/21 No.
The number of remunerated key management personnel was:	6	6

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	
	2021/22 No.	2020/21 No.	2021/22 No.	2020/21 No.
£60,001 to £65,000	-	-	2	3
£65,001 to £70,000	-	-	2	5
£70,001 to £75,000	-	-	4	-
£75,001 to £80,000	-	1	2	1
£80,001 to £85,000	1	-	-	-
£85,001 to £90,000	2	3	-	-
£90,001 to £95,000	1	-	-	-
£115,001 to £120,000	1	1	-	-
£120,001 to £125,000	-	-	1	1
£175,001 to £180,000	1	1	-	-
	6	6	11	10

In addition to the staff disclosed above there was one member of staff, who was a part-time who had a usual full time equivalent salary of £65,001-£70,000.

Key management personnel emoluments are made up as follows:

	2021/22 £000s	2020/21 £000s
Salaries – gross of salary sacrifice	653	638
Employer's national insurance	90	86
Pension contributions	121	122
Total	864	846

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:

	2021/22 £000s	2020/21 £000s
Salary	179	178
Pension allowance	37	37
Pension contributions	-	-
Total	216	215

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, the three Deputy Principals 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:

	2021/22 No.	2020/21 No.
Chief Executive's basic salary as a multiple of the median of all staff	7	7
Chief Executive's total remuneration as a multiple of the median of all staff	6	7

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

9 Other operating expenses - Group and College

	2021/22 Group £000s	2021/22 College £000s	2020/21 Group £000s	2020/21 College £000s
Teaching costs	1,745	1,657	2,112	2,083
Non-teaching costs	6,375	6,339	5,721	5,595
Premises costs	3,904	3,904	3,537	3,537
Total	12,024	11,900	11,370	11,215

Other operating expenses include:

Auditor's remuneration:

Financial statements audit – current year	44	39	37	31
Internal audit	38	38	38	38
Hire of other assets – operating leases	587	587	518	518
Payments to subcontractors	811	811	1,362	1,362

Notes to the Financial Statements

9a Access and participation spending

	2021/22 £000s
Access, success and progression activity	61
Disability support	5
Total	66

10 Actuarial gain/(loss) in respect of pension schemes – Group and College

	2021/22 £000s	2020/21 £000s
LGPS pension scheme (note 22)	35,760	(575)
TPS enhanced pension provision (note 20)	440	147
Total	36,200	(428)

11 Interest payable and other finance costs – Group and College

	2021/22 £000s	2020/21 £000s
Loans repayable in more than five years by instalments	175	181
Net interest on defined pension liability - TPS (note 20)	65	57
Net interest on defined pension liability - LGPS (note 22)	689	559
Total	929	797

12 Taxation – Group and College

	2021/22 £000s	2020/21 £000s
United Kingdom corporation tax	-	-
Total	-	-

United Kingdom corporation tax is chargeable on the College's commercial activities.

Notes to the Financial Statements

13 Tangible fixed assets – Group and College

	Land & buildings £000s	Vehicles & equipment £000s	Assets under construction £000s	Total £000s
Cost or valuation				
At 1 August 2021	129,511	13,898	5,273	148,682
Additions	-	-	20,252	20,252
Reclassification	69	448	(517)	-
At 31 July 2022	129,580	14,346	25,008	168,934
Depreciation				
At 1 August 2021	26,566	10,640	-	37,206
Charge for the year	2,299	729	-	3,028
Eliminated on disposal	-	-	-	-
At 31 July 2022	28,865	11,369	-	40,234
Net book value at 31 July 2022	100,715	2,977	25,008	128,700
Net book value at 31 July 2021	102,945	3,258	5,273	111,476

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.

Assets under construction includes the New Bedford road phase 1 costs of £24.150m. The building is due to be in use from August 2022. The costs will be reclassified in 2022-23.

14 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 2021/22, TT made a £84,252 profit, with £42,126 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

15 Current investments

	2021/22 £000s	2020/21 £000s
Short term deposit	5,000	5,000

Deposits are 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 are variable for the duration of the deposit.

16 Trade and other receivables

	2021/22 Group £000s	2021/22 College £000s	2020/21 Group £000s	2020/21 College £000s
Amounts falling due within one year:				
Trade receivables	350	282	602	558
Prepayments	632	632	471	471
Accrued income	229	229	301	301
Debtors - Sale of land at New Bedford Road	1,076	1,076	8,313	8,313
Debtors - Other	141	141	73	73
Total	2,428	2,360	9,760	9,716

17 Creditors: amounts falling due within one year

	2021/22 Group £000s	2021/22 College £000s	2020/21 Group £000s	2020/21 College £000s
Bank loans (note 19)	517	517	505	505
Trade creditors	318	318	379	379
Other creditors	264	264	7	7
Other taxation and social security	531	531	459	459
Accruals (fixed assets)	1,698	1,698	147	147
Accruals (employee leave)	707	707	649	649
Accruals (other)	2,776	2,763	2,146	2,141
Income in advance	263	256	200	195
Deferred income	802	802	505	505
Deferred government capital grant (note 21)	829	829	683	683
Amounts owed to the ESFA	1,230	1,230	1,727	1727
Amounts owed to the GLA	230	230	201	201
Amounts owed to the OfS	22	22	36	36
Total	10,187	10,167	7,644	7,634

Notes to the Financial Statements

18 Creditors: amounts falling due after more than one year

	2021/22 Group £000s	2021/22 College £000s	2020/21 Group £000s	2020/21 College £000s
Bank loans (note 19)	5,491	5,491	6,008	6,008
Deferred government capital grants (note 21)	28,560	28,560	28,656	28,656
Total	34,051	34,051	34,664	34,664

19 Maturity of debt

	2021/22 Group £000s	2021/22 College £000s	2020/21 Group £000s	2020/21 College £000s
Bank loans:				
Bank loans repayable within one year	517	517	505	505
Bank loans repayable between one and two years	530	530	517	517
Bank loans repayable between two and five years	1,672	1,672	1,630	1,630
Bank loans repayable in five years or more	3,289	3,289	3,861	3,861
Total	6,008	6,008	6,513	6,513

The total bank loans of £6,008k are the amounts outstanding at 31 July 2022 related to the following three loans :-

- £2,400k at a fixed rate of interest of 4.99% for 10 years to 2032.
- £2,296k for 10 years to 2032 with the interest rate fixed at 1.560% until 2024.
- £1,312k for 10 years to 2032 at a variable rate of interest.

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

20 Provisions for liabilities and charges – Group and College

Enhanced pension provision:	TPS £000s	LGPS £000s	Total £000s
At 1 August 2021	4,037	19	4,056
Expenditure in the year	(290)	-	(290)
Transferred to Statement of Comprehensive Income and Expenditure (note 11)	65	-	65
Transferred to Actuarial (gain)/loss in respect of pension schemes (note 10)	(440)	-	(440)
At 31 July 2022	3,372	19	3,391

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:-

	2022	2021
Interest rate	3.30%	1.60%
Net interest rate	2.90%	2.60%

Notes to the Financial Statements

21 Deferred capital grants

	Total £000s
At 1 August 2021	29,339
Cash received / receivable	750
Released to income and expenditure account in respect of depreciation (note 2)	(700)
At 31 July 2022	29,389
Of which:	
Due to be released within one year (note 17)	829
Due to be released after one year (note 18)	28,560
Total	29,389

22 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

	2021/22 £000s	2020/21 £000s
Teachers' Pension Scheme – contributions paid	2,397	2,376
Local Government Pension Scheme:		
Contributions paid	1,833	1,811
FRS 102 (28) debit	2,318	1,660
Charge to the Statement of Comprehensive Income and Expenditure	4,151	3,471
Total pension cost for the year (note 7)	6,548	5,847

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 2019. For the LGPS scheme the last full actuarial valuation was at 31 March 2019.

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

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

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.

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 latest actuarial valuation of the TPS was carried out as at 31 March 2019 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 April 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 18/19. DfE has agreed to pay teachers' pension employer contribution grant to cover the additional costs during the 2021/22 academic year;
- total scheme liabilities for service to the effective date of £218 billion, and notional assets of £198 billion, giving a notional past service deficit of £20 billion; 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>

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

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.

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 2022 was £2,286k (2021: £2,254k) of which employer's contributions totalled £1,833k (2021: £1,811k) and employee's contributions totalled £453k (2021: £443k). The current employer contribution rate is 26.5%.

Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary.

	31 July 2022	31 July 2021
Rate of increase in salaries	3.2%	3.5%
Future pensions increase	2.8%	2.9%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption (CPI) *	2.9%	2.6%
Commutation of pensions to lump sums – pre April 2008 service	50%	50%
Commutation of pensions to lump sums – post April 2008 service	75%	75%

* Due to the high periods of inflation up to 31 July 2022, an adjustment has been made to the year-end valuation to account for the estimated impact on the Pension Order Increase due to be implemented from 1 April 2023. The estimated impact of the defined benefit obligation of £7,456k has been recognised within the experience gain below as a charge. This charge has been made against the movement for the year, however is not directly reflected within the listed actuarial assumptions above.

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 2022	At 31 July 2021
Retiring Today :-		
Males	21.9	22.1
Females	24.4	24.5
Retiring in 20 Years :-		
Males	22.9	23.2
Females	26.0	26.2

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

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

	Fair value at 31 July 2022	Fair value at 31 July 2021
	£000s	£000s
Equity instruments	41,136	45,077
Debt instruments	21,425	26,006
Property	12,855	9,536
Cash	10,284	6,068
Total fair value of plan assets	85,700	86,687

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

	At 31 July 2022	At 31 July 2021
	£000s	£000s
Fair value of plan assets	85,700	86,687
Present value of funded liabilities	(94,872)	(128,612)
Deficit in the scheme	(9,172)	(41,925)

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

	2021/22 £000s	2020/21 £000s
Amounts included in staff costs		
Current service cost	(4,151)	(3,471)
Amounts included in interest and other finance costs	(689)	(559)
Amounts recognised in Other Comprehensive Income		
Actuarial gain/(loss)	35,760	(575)

Movement in net defined benefit (liability) during the year

	2021/22 £000s	2020/21 £000s
Deficit in the scheme at 1 August	(41,925)	(39,131)
Movement in the year:		
Current service charge	(4,151)	(3,471)
Employer contributions	1,833	1,811
Net interest on liability	(689)	(559)
Actuarial gain/(loss)	35,760	(575)
Deficit in the scheme at 31 July	(9,172)	(41,925)

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

Asset and liability reconciliation

	2021/22 £000s	2020/21 £000s
Changes in the present value of defined benefit obligations		
Opening defined benefit obligation	128,612	114,152
Current service cost	4,151	3,471
Interest cost	2,079	1,613
Contributions by members	453	443
Changes in financial assumptions	(38,632)	10,608
Estimated benefits paid	(1,791)	(1,675)
Closing defined benefit obligation	94,872	128,612

	2021/22 £000s	2020/21 £000s
Change in fair value of plan assets		
Opening fair value of employer assets	86,687	75,021
Interest on plan assets	1,390	1,054
Contributions by members	453	443
Contributions by the employer	1,833	1,811
Return on plan assets	(2,872)	10,033
Estimated benefits paid	(1,791)	(1,675)
Closing fair value of employer assets	85,700	86,687

23 Capital commitments

	2021/22 £000s	2020/21 £000s
Group and College		
Commitments contracted for at 31 July	1,659	16,397
Authorised but not contracted for at 31 July	744	661

The above commitments include £1.381m at 31 July 22 which relates to the Barnfield College New Bedford Road redevelopment – Phase 1.

Notes to the Financial Statement

24 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:

Group and College	2021/22 £000s	2020/21 £000s
Not later than one year	545	568
Later than one year and not later than five years	979	1,195
Total financial commitments	1,524	1,763

25 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.

26 Amounts disbursed as agent

Discretionary Support Fund:-	2021/22 £000s	2020/21 £000s
Funding body grants – hardship support	715	722
Disbursed to students	(452)	(477)
Administration costs	(31)	(24)
Balance unspent as at 31 July included in creditors	232	221

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 Statement

27 Related party transactions

Due to the nature of the Group and the College's operations and the composition of the Corporation (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving organisations in which a member of the Corporation may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed.

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

	West Herts College £000s
Charge made by Together Training to the college	-
Charge made by the college to Together Training	1,053

At 31 July 2022, amounts of £120,673 (2021 - £132,376) were owed by Together Training to West Herts College, £nil (2021 - £nil) was owed to the Company by West Herts College.