



## **REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**1<sup>st</sup> August 2022 to 31<sup>st</sup> July 2023**

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## **Reference and Administrative Details**

### **Board of Governors during 2022- 2023**

Ms S Bloxam  
Ms P Brown  
Mr G Braga Carvalho  
Mr P Cherpeau  
Mr A Gibbons  
Ms R. Harding-Quinn  
Ms R Hennigan  
Mr K Lockhart  
Ms A Murphy  
Ms L Nixon  
Ms L Redican  
Mr K Rice  
Mr M Robinson  
Ms J Simmons  
Ms G Sloan  
Ms D Stock  
Prof J Yates

Director of Governance - Anne-Marie Nixon

### **Principalship Team**

Rachael Hennigan - Principal and CEO; Accounting Officer  
Tony Cooke – Director of Human Resources (from 3 October 2022)  
Alexandra Lang – Vice Principal Quality, Learner Services and Human Resources  
Matt Larkin - Vice Principal Finance & Corporate Services  
Sonia Stirling – Deputy Principal  
Carol Nield – Executive Director of Human Resources and Organisational Development  
(to 4 January 2023)

**Registered Office**

Balliol Road  
Bootle  
Merseyside  
L20 7EW

**Professional Advisors****Internal Auditors**

RSM UK RISK ASSURANCE SERVICES LLP  
25 Farringdon Street,  
London  
EC4A 4AB

**External Auditors**

WYLIE & BISSET (AUDIT) LIMITED  
168 Bath Street  
Glasgow  
G2 4TP

**Bankers**

LLOYDS BANKING GROUP PLC  
Liverpool Law Courts  
2-12 Lord Street  
Liverpool  
L2 1TS

**Solicitors**

EVERSHEDS - SUTHERLAND  
70 Great Bridgewater Street  
Manchester  
M1 5ES

## Group Strategic Report

### OBJECTIVES AND STRATEGY

The governing body presents its report and the consolidated audited financial statements for the year ended 31 July 2023.

### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Hugh Baird College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Instrument and Articles of Government under which the College is governed are the Further Education Corporation (Former Further Education Colleges) (Replacement of Instruments and Articles of Government) order 2007 as modified on 31 March 2012. The Corporation approved amendments to the Instrument and Articles of Government on 29 September 2016 and a copy is available on the College's website.

### Mission, Vision, Strategy and Objectives

On 30 June 2021 the Corporation approved the 2021-2026 strategic plan and confirmed the appropriateness of the College's Mission:

"To inspire, challenge and transform lives".

The College's Vision was confirmed as "To be the best college in the country" and the strategic priorities were approved as:

- Strategic Priority 1 - ***We are a College driven by its people, for its people***
- Strategic Priority 2 - ***We provide the highest quality of experience for our students***
- Strategic Priority 3 - ***We deliver an employer driven curriculum***
- Strategic Priority 4 - ***We serve as a beacon for our community***
- Strategic Priority 5 - ***Seize opportunities that benefit our people and place***

The Principalship team recognises that there are new programmes of work required to take the vision forward and these are included as the Key Performance Indicators and updated annually. The KPIs are closely monitored at senior leadership level and KPIs reported to the Governing Body through Committee and Corporation meetings.

## **Resources**

The Group invests in the learner experience through both the use of qualified and experienced staff and also through the provision of excellent facilities.

Our staff team are our most important resource. The Group continues to invest in staff training and development through internal and external courses and provide opportunities for continued professional development to all staff. The College currently employs 431 full time equivalent staff.

The main investment this year in facilities was in the development of facilities to support our delivery of T Levels throughout the College. New learning spaces were created with interactive resources in the Lifestyles building to support the Childcare pathway, and sector leading facilities were developed in the Port Academy Liverpool building to support the Engineering curriculum. In addition, the College benefitted from investment through the SDF fund to deliver equipment and facilities aligned to the “green” economy, with a focus on electric vehicles, modern construction and energy efficient house building.

## **Stakeholders**

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

- Students
- Educational Sector Funding Bodies
- Staff
- Local Employers
- Local Authorities and the Combined Authority
- Government Offices
- The local community
- Other FE institutions
- Trade Unions
- Professional bodies
- Partner Universities

## **Public Benefit**

Hugh Baird College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body are disclosed on page 2. In setting and reviewing the College’s strategic objectives, the Governing Body has had due regard for the Charity Commission’s guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancements of education to over 6,000 students and learners including more than 80 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provides training to over 700 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## **DEVELOPMENT AND PERFORMANCE**

### **Curriculum Developments**

The Deputy Principal and her team have continued to lead high quality, focused employer engagement. Discussions have been organised and facilitated in conjunction with the Liverpool Chamber of Commerce and these are essential to the success of the College in the future. The College has since used intelligence from the Local Skills Improvement Plan ("LSIP") to drive its strategic intent. Detail of this is reflected in the Annual Accountability Statement and will feature in the intent section of the College SAR 22/23.

### **Scholarship Programmes**

The scholarships with Peel Ports and Denholm Logistics have been successfully delivered. The College continues to talk to additional employers about the opportunity to run Scholarship programmes. If successful with the LSIF application, the College will be piloting a Pathways to Employment programme in collaboration with a range of employer organisations within the priority sectors in the LSIP aimed at school age, college and undergraduates.

### **Strategic Development Fund (SDF)**

The College has successfully delivered the SDF project. Capital and revenue funding in the region of £320k has allowed the College to significantly develop its understanding and capacity to deliver emerging green technology curriculum across the automotive, construction and building services sectors. From an electric/hybrid vehicle perspective, the College has utilised funding to work in collaboration with employers to develop very short and short qualifications which are currently being piloted with learner groups and include curriculum development around Electric/Hybrid Vehicle Awareness and EV maintenance. More widely, revenue has been utilised to support collaboration with partner colleges and has enabled the College to develop its awareness of electrical charging point installation, modular housing and green construction practices. Capital funding has allowed the College to purchase equipment and kit vital to ensure the learner experience is in line with industry standards and expectations. Some examples of kit purchased includes rig for electric vehicles, Toyota Yaris Hybrid, Nissan Leaf and diagnostic kit. The strategic development fund project is due for completion at the end of March, however, the learning, development and resource capacity gained from this project will play a significant part in our ability to take this curriculum forward in 23/24 and beyond.

## **Test and Learn/Multiply**

Test and Learn and Multiply funding have allowed the College to develop and pilot a range of innovative programmes aimed at supporting adults towards the labour market and/or addressing social disadvantage. These include healthcare specific ESOL programmes in collaboration with Merseycare currently in progress, money management programmes which aim to support local adults within the context of the cost-of-living crisis, family learning in collaboration with local schools which equips adults to support their children with national exams and skills building programmes aimed at targeting the hardest to reach adults including care leavers.

## **Financial results**

The Group reports a deficit in 2022/23 of £(918)k (2021/22 £(582)k) before actuarial gains and losses. The continued impact of an economy with rising inflation, strong demand for labour throughout the sector and in particular high utility costs have provided a challenging backdrop for the College's financial performance. Cash at bank is £4,259k (2021/22 £6,974k) with operational performance generating cash for investments in fixed assets in the year and capital grants received in 2021/22 being disbursed in 2022/23.

During the year the College became the sole member of North West Training Council and accordingly consolidates the results from its subsidiary in reporting the financial performance.

Fixed assets in 2022/23 for the Group rose to £37,351k (2021/22 £31,522k) with the North West Training Council contributing £2,953k of the increase. College additions included T Level and SDF Fund facilities throughout the College as well as investments in the College estate to secure and maintain facilities.

## **Treasury policies 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 incorporated with its Financial Regulations which were last approved by the Corporation in February 2023.

## **Cash flows and liquidity**

The College's cash at bank at the year end was £4,038k (2021/22 £6,974k). Net cash inflow is reported at £2,425k in the year (2021/22 £4,077k) with cashflows associated with fixed asset additions of £5,022k (2021/22 £3,792k).



The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £1,720k at the year end. No new loans were taken out during the year and the College met all repayment and interest obligations.

The College expects to be judged as meeting in full its bank covenant obligations when measured against these 2022/23 financial statements, in accordance with the loan agreement.

The Group's cash at bank at the year end was £4,259k. Net cash inflow is reported at £2,767k in the year with group cashflows associated with fixed asset additions of £5,027k (2021/22 £3,792k).

### **Reserves Policy**

The College has adopted a formal reserves policy. The College holds and maintains reserves in order to achieve all elements of its Strategic Plan. The College believes that the most appropriate measure of the level of reserves to be maintained is the level of unrestricted cash held by the College, as measured at the year-end date of 31st July each year.

The College has accumulated reserves of £18.9m (2021/22 £15.8m) and cash balances £4.3m (2021/22 £7m).

### **Going Concern**

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

## **COLLEGE PERFORMANCE KPIS**

### **Student achievements**

Overall achievement for 2022/23 is 82% for 16–18-year-old learners and 87% for adult learners. This is an increase on 2021/22 of 8pp and 3pp respectively. This has been the result of a rigorous quality improvement process that has focused on improving teaching and learning and attendance. Improvements in preparing students for exams, the lesson framework and response to areas for improvement have demonstrated impact.

Higher Education achievement is 72.5% for 2022/23 which is slightly lower than the previous year. This is linked to low numbers and retention. It is in line with 2018/19 data (last year of comparison data).

Overall Apprenticeship achievement is strong at 62.5% which is a little over 10% above the NR. However, it is below last year's outcome.

## **Attendance**

Overall attendance for 2022/23 was 82.8%. This is an increase on previous year of 2.7pp showing a three-year improvement trend. Increases were seen in core FE, Academic 16–18-year groups and HE.

## **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 79% of its invoices within 30 days of receipt. The College incurred no interest charges in respect of late payment for this period.

## **Future prospects**

The College Group has established a budget for 2023/24 which continues to focus on ensuring that the College maintains the financial efficiency of its operation whilst maintaining its ability to deliver high quality provision to learners in the locality. It will do this by continuing to work towards ensuring that staff costs as a proportion of income remain in line with sector benchmarks, whilst budgeting for stability in learner numbers in most areas. Whilst opportunities for growth through the expansion of Higher Education, Advanced Learner Loans and Apprenticeships will be maximised where possible, the College budgets prudently to ensure that its core business delivers key objectives of financial stability and operational effectiveness.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Risk Management**

The College's Risk Management Policy focuses on identifying strategic risks aligned to the strategic objectives of the College, and operational risks and their management in the context of the approved risk appetite of the College. The College has continued to work during the year to develop and embed the robust systems of internal control, including financial, operational and risk management, which are designed to protect the College's assets and reputation.

Based on the strategic plan, the Principalship, as advised by the Risk Review Group, undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions, which should mitigate any potential impact on the College. The internal controls are then implemented, and the subsequent term's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the termly review, the Risk Review Group also considers any risks, which may arise as a result of a new area of work being undertaken by the College.

A Strategic Risk Register is maintained at the College level, which is reviewed regularly by the Audit Committee and annually by the Corporation. The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by the development of the operational register and risk management training to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College with the key mitigations that the College has identified, and which are documented within the Strategic Risk Register of the College. Not all the factors are within the College's control. Other factors besides those listed below may also present risk to the College.

Key risk	Key mitigations
Failure to deliver high quality teaching and learning to students	<p>Robust recruitment process led by professional HR team</p> <p>Annual CPD cycle ensures necessary and appropriate training is implemented</p> <p>Robust teaching &amp; learning quality processes identify areas of concern and direct improvement programmes led by the Quality Unit independent of the teaching departments</p> <p>College wide performance management policy embedded and operating effectively</p>
Financial performance of the College falls below levels required to maintain necessary resources to meet its obligations, including loan covenants and strategic aims	<p>Comprehensive annual budget cycle, including regular review of performance and in-year reforecasts ensures financial performance is closely monitored</p> <p>Well planned recruitment and admissions activities with monitoring of levels at course and departmental level</p> <p>Finance department ensures compliance with Financial Regulations by all managers and staff</p> <p>Monitoring of loan covenant compliance through annual budget setting process, including sensitivity analysis</p>
Failure to adequately safeguard all learners	<p>Robust safeguarding policies defined and implemented and training delivered to all staff</p> <p>High level of visibility of safeguarding protocols amongst staff and students</p> <p>Well resourced and experienced staff responsible for safeguarding implementation</p> <p>Regular refresher and induction training to ensure all staff are aware of responsibilities</p> <p>Safer recruitment implemented for all staffing recruitment</p>

Key risk	Key mitigations
Failure of investment in the physical infrastructure of the College	<p>Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position</p> <p>Well trained and competent estates management team ensures long term estates maintenance is addressed</p> <p>Senior leaders engage with grant making opportunities to bring focussed additional investment</p>
Failure of investment in the information technology estate of the College	<p>Annual budget cycle ensures sufficient resources are deployed in the context of the overall financial position</p> <p>Well trained and competent IT management team ensures appropriate roadmap for investment in core technologies</p> <p>Senior leaders engage with grant making opportunities to bring focussed additional investment</p> <p>Investments made in software and hardware solutions to mitigate cyber attacks</p>

Key risk	Key mitigations
Failure to attract, recruit and retain a high quality workforce	<p>Robust recruitment and selection process, including safer recruitment practices, which ensures assessment of new starter candidate against approved job requirements</p> <p>Wide range of advertising approaches used to attract candidates from a wide pool of applicants</p> <p>Structured induction programme ensures staff onboarded effectively</p> <p>Market intelligence utilised to monitor pay scales</p> <p>Comprehensive health and wellbeing support in place supported by regular staff engagement initiatives</p> <p>Structured continuous professional development in place supports the achievement of outstanding performance and the effective management of underperformance</p>
Failure to comply with funding body regulation and minimum standards	<p>Well trained and resourced MIS department with oversight over all regulated activity</p> <p>Use of industry specific database tools to ensure sector wide consistency</p> <p>Regular attendance at briefing seminars or webinars for senior staff</p> <p>Departmental audits of data to provide in-year insight into data errors</p> <p>Use of external validation reports to ensure data quality is robust</p> <p>Quality of teaching and learning is monitored and managed</p> <p>Achievement forecasts and predictions monitored throughout the year to ensure areas of concern can be rapidly addressed</p> <p>Leadership team is made aware of minimum standard levels.</p>

<b>Key risk</b>	<b>Key mitigations</b>
Failure to protect staff, students and visitors from health and safety hazards throughout the College	<p>Well trained and resourced Health &amp; Safety manager in place with authority throughout the College</p> <p>Use of consistent risk assessment templates, reviewed by the Health and Safety manager</p> <p>Culture of openness and transparency supported by policies to ensure health and safety issues are raised and communicated</p> <p>Health and Safety Committee ensures there is a forum for issues to be raised as required</p> <p>Investment in safety facilities (e.g. fire alarms, training software) to ensure compliance</p>
Failure to attract and recruit learners to College offerings	<p>Curriculum review and planning process ensures the College's offering meets employer and learner needs</p> <p>Admissions and marketing have agreed targets and are monitored against their achievement</p> <p>Annual business planning cycle challenges excessively optimistic or pessimistic recruitment ambitions, supported by marketing data</p> <p>Marketing budget ensures that the College can advertise through all necessary channels</p> <p>Marketing team ensures that annual approaches are reviewed to reflect current trends</p>

## **STREAMLINED ENERGY AND CARBON REPORTING**

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

- Measure 1 – Installation of Solar Panels
- Measure 2 – Installation of new windows
- Measure 3 – Installation of LED lighting at the South Sefton College Campus

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

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>Year ended 31 July 2023</b>	<b>Year ended 31 July 2022</b>
Energy consumption used to calculate emissions (kWh)		
<b>Scope 1 emissions in metric tonnes CO2e</b>		
Gas consumption	657.64	712.99
Owned transport	5.01	4.96
Total	662.65	717.95
<b>Scope 2 emissions in metric tonnes CO2e</b>		
Purchased Electricity	439.34	595.51
<b>Scope 3 emissions in metric tonnes CO2e</b>		
Business travel in employee-owned vehicles	5.66	3.27
<b>Total gross emissions in metric tonnes CO2e</b>	<b>1,107.65</b>	<b>1,316.73</b>
<b>Intensity ratio</b>		
Metric tonnes CO2e per FTE staff member	2.64	3.06

### Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Governments Conversion Factors for Company Reporting.

### Intensity Ratio

The chosen intensity measure ratio is tonnes CO<sub>2</sub> per staff member.

### Equal Opportunities

The College is committed to providing a learning and work environment free from direct or indirect discrimination, harassment, or victimisation where all members of our community are treated with respect and dignity and valued for their contribution and individuality. We believe in inclusivity and opportunity for all students, staff and the wider community and recognise the key role education has in helping to transform society for the benefit of individuals and communities.

Through its Equality, Diversity & Inclusion Policy, and action plans, the College is committed to:



- Ensuring that people are treated equally regardless of their identification with one or more of the protected characteristics, including those who identify as transgender, non-binary and gender fluid, socio-economic background, family responsibilities, or other appropriate distinction.
- Taking a zero-tolerance approach to discrimination, victimisation, harassment, or any other prohibited conduct of any kind by any party. Behaviour found to be in breach of this policy will be addressed in accordance with the relevant College Policy.
- Being proactive in all matters relating to equality, diversity, and inclusion, valuing, and celebrating the richness brought by a diverse population of staff, students, and partners.
- Developing and improving our responses and learning provision to under-represented groups to increase participation and improve community cohesion.
- Developing responses to address social and economic disadvantage, developing and delivering projects that seek to engage hard to reach learners.
  - Narrowing the gaps in achievement between different groups of learners by providing timely support to enable curriculum teams to respond positively to under-achievement.
  - Ensuring our learners are well-equipped with the skills and knowledge to live and work in a diverse and multi-cultural society through the delivery of teaching, learning and enrichment activities that positively represents different groups within society, improves group cohesion and values diverse contribution.
  - Ensuring the principles of equality, diversity and inclusion are applied consistently across all aspects of teaching, learning and assessment, including admissions, student services and learner support.
  - Ensuring the principles of equality, diversity and inclusion are applied to recruitment, redeployment, staff development and promotion, to ensure that all individuals are encouraged to achieve their full potential.

The College publishes an annual Equality and Diversity Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The report reviews our progress over the last year in relation to equality and diversity and is one of the ways we make visible how we are meeting our obligations to recognise diversity and promote equality. The report reflects the work of the College within our diverse communities as well as reporting key equality data/information.

## **Gender Pay Gap Reporting**

The College publishes on its website an annual Gender Pay Gap report which meets its obligations under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The latest report published provides the required analysis of data on the snapshot date of 31 March 2022. This report was approved at Full Corporation on 7 December 2022 and is due to be reviewed in March 2024.

## **Employment of Disabled Persons**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

## **Disability Statement**

The College publishes on its website a Disability Statement, setting out the range of support and facilities available for learners with a physical or sensory impairment, mental health or physical related disability, or specific learning disability. The leaflet is available in different formats including large print, audio tape and braille.

100% of the College accommodation used for curriculum delivery is accessible by wheelchair users and a range of specialist equipment and assistive technology is available for use by students.

The Learner Support Team makes detailed assessments of learners' support needs to provide appropriate support.

The College has made a significant investment in the appointment of staff to support learners with learning difficulties and/or disabilities. There is a team of Learning Support Assistants and Personal Support Assistants who provide support for learning. In addition, there is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.

Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

The student POD provides a central place for all students to get information and advice on a wide range of pastoral and welfare matters during their time at the College.

## Trade Union Facility Time

As part of the Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1<sup>st</sup> April 2017, we are required to publish information on trade union facility time. Employers that are in scope must publish the required information relating to the 12-month relevant period. The relevant period is the 12 months from 1<sup>st</sup> April 2022 to 31 March 23.

Hugh Baird College recognises the following trade unions for the purpose of collective bargaining:

- NASUWT and NEU for teaching staff
- UCU for lecturing and management spine staff
- UCU and NEU for management spine staff
- UNISON and UNITE for support staff

For the period 1st April 2022 to 31st March 2023 the following applies:

Number of employees who were relevant trade union officials:	
Headcount	3.0
FTE	2.0
Percentage of time spent on facility time	3.8%
Total cost of facility time	£3,271
Total Pay Bill (1st April 2022 to 31 <sup>st</sup> March 2023)	£16,806,091
Percentage of total pay bill spent on facility time	0.02%
Time spent on paid trade union activities as a percentage of total paid facility time hours	Nil

## **Disclosure of information to auditors**

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

*M Robinson*

M Robinson  
Vice Chair of the Corporation

## GOVERNANCE STATEMENT

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2022 to 31st July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the “must” provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges revised by the Association of Colleges (AoC) in 2021, which it formally adopted on 20 October 2021. On 27 March 2019 the Corporation resolved to approve the AoC Senior Staff Remuneration Code as an annex to the Code of Good Governance for English Colleges for implementation from 1 September 2019.

In adopting the revised Code, the Corporation noted that further development was needed to meet the recommendations contained in the new section on Environmental Sustainability and scheduled consideration of a new policy statement into the annual calendar of business. The Corporation approved the final policy statement on 29 June 2022 and agreed to implement an action plan. Compliance with the Code has been reviewed for 2022-23 and all the “must” provisions had been evidenced, with further development needed for recommended actions relating to the implementation of the Environmental Strategy, some identified enhancements to recommendations relating to partnership working with its registered charity company and quality of reporting at the company and Board diversity.

The 2022/23 annual self-assessment of governance has taken place, with the outcomes to be reported in a detailed presentation to the Corporation at its meeting on 13 December 2023. Self-assessment has concluded that governance is highly effective. Governors understand their respective roles and carry these out to enhance the effectiveness of the College. Governors know the College well and understand their roles and responsibilities in driving the vision and strategic direction. The Board works well with the leadership team, striking an appropriate balance of support and challenge. Board members access a wide range of training and development to ensure that they both understand and fulfil their legal duties and responsibilities. Board membership has been enhanced to include more industry and employer engagement expertise as well as educational and finance specialists, which has resulted in enhanced scrutiny and

challenge of areas requiring improvement as evidenced in minutes of meetings. Governors use their skills and expertise to ensure that the curriculum meets current and future needs of the local community and employers and, in maintaining outstanding financial health, have been able to oversee capital investment in industry standard facilities. Governors have supported leaders in the drive for continuous improvement in the quality of teaching, learning and assessment and effectively hold leaders and managers to account to ensure that they receive accurate, accessible, and timely information against strategic KPIs (Key Performance Indicators) and are assured of actions taken and their impact to ensure sustainable improvement. Areas for further development in 2023/24 include succession planning for identified skills and Board diversity, for both the Corporation and NWTC Board, with plans in place to seek external assistance to meet this need.

The Board commissioned an External Governance Review at the end of 2022/23 to commence in September 2023. The outcomes of this review are to be presented to the Board in January 2024.

A detailed schedule of compliance with the Code has been monitored by Search and Governance Committee and submitted to the external auditors to support the governance statement.

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

## **The Corporation**

The members who served on the Corporation during the year are listed in the table below.

	<b>Date of Latest Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance in 2022/23</b>
Ms. S. Bloxam	19 October 2022	1 year	End of study 16/06/23	HE Student Member	HE Committee	3/8 38%
Mr. G. Braga Carvalho	19 October 2022	1 year	Resigned (ill health) 10/04/23	FE Student Member	Quality and Standards Committee	5/9 56%
Ms. P. Brown	22 June 2020	4 years  First appointed on 23/6/2016		Member	Audit Committee; Tender Evaluation Panel	13/14 93%

	<b>Date of Latest Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance in 2022/23</b>
Mr. P. Cherpeau	12 July 2021	4 years		Member	Quality and Standards Committee	12/14 86%
Mr A Gibbons	30 November 2021	4 years  First appointed on 1/12/2017		Member and Vice Chair of the Corporation	Vice Chair of the Corporation; Chair of Finance and Resources Committee; Member of Remuneration Committee	14/16 88%
Ms. R. Harding-Quinn	12 July 2021  Reappointed for a full term from 12 July 2022	4 years		Member	Member of Audit Committee and Tender Evaluation Panel	10/12 83%
Ms R Hennigan	3 February 2020	N/A		Principal and Chief Executive	Member of: Quality and Standards; HE; Finance and Resources; Search and Governance and Tender Evaluation Panel	23/25 93%
Mr K Lockhart	16 October 2022	4 years  First appointed on 17 October 2018		Member	Chair of Audit Committee; Member of H.E. Committee and Remuneration Committee	16/18 89%
Ms A Murphy	6 July 2020 (1- year probationary term)  Reappointed until 5 July 2024	4 years		Member	Member of Quality and Standards	11/14 79%

	<b>Date of Latest Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance in 2022/23</b>
Ms L Nixon	22 October 2019 (1- year probationary term)  Reappointed on 21 October 2020 until 20 October 2023	4 years	Resigned on 12 October 2022	Academic Staff Member	Member of Quality and Standards	3/3  100%
Ms L Redican	16 October 2022	4 years  First appointed on 17 October 2018		Member	Chair of: Quality and Standards Committee and Member of Remuneration Committee	13/16  81%
Mr K Rice	20 November 2021	4 years  First appointed 21/11/17		Business Support Staff Member	Finance and Resources Committee	14/14  100%
Mr M Robinson	22 September 2023	4 years  First appointed 23/09/15  22/09/19		Member and Vice Chair of the Corporation	Vice Chair of the Corporation; Chair of Remuneration Committee; Member of Finance and Resources; Chair of Search and Governance Committee.	20/21  95%
Ms J Simmons	26 July 2020	4 years  First appointed 28/7/2017		Member	Member of: Quality and Standards Committee, Search and Governance Committee and Tender Evaluation Panel	19/20  95%



	<b>Date of Latest Appointment</b>	<b>Current Term of office</b>	<b>Date of resignation / end of term of office</b>	<b>Status</b>	<b>Committees served</b>	<b>Attendance in 2022/23</b>
Ms G Sloan	31 August 2020	4 years  First appointed 23/5/12 and served until 22/5/2016  Formally re-applied and appointed 1/9/2017		Member and Chair of the Corporation from 01/08/21)	Member of: Finance and Resources, Remuneration, Search and Governance Committees and Member of Tender Evaluation Panel	19/22  86%
Ms D Stock	18 November 2022			Academic Staff Member	Member of Quality and Standards Committee. Member of Tender Evaluation Panel	9/10  90%
Prof J Yates	19 October 2022	4 years		Member	Chair of HE Committee, Member of Remuneration Committee	10/11  91%

Members' terms of office vary between one and four years. All initial appointments are for one year which may be extended to a full four-year term upon successful completion of a probationary review with the Chair of the Corporation.

## Corporation Meetings

During 2022/23 there were 34 official meetings of the Corporation and its Committees. Attendance of governors for the past three years by meeting is shown below:

Year	No. of Meetings	Actual Attendance	Possible Attendance	%
2022/23	34	219	256	86%
2021/22	37	229	255	90%
2020/21	38	249	271	92%

Attendance of governors for the past three years by membership is shown below:

	2022/23	2021/22	2020/21
Governors	88%	92%	91%
Students	47%	59%	78%
Staff	96%	88%	96%
Principal	92%	93%	100%

Attendance of governors for the past three years by category of meeting by is shown below

	2022/23	2021/22	2020/21
<b>Corporation</b> <i>(Including Strategic Planning Conference)</i>			
Governors	88%	89%	89%
Students	50%	50%	75%
Staff	100%	81%	93%
Principal	100%	100%	100%
<b>Committees</b>			
Governors	89%	96%	94%
Students	50%	80%	71%
Staff	90%	100%	100%
Principal	88%	89%	100%

### **Appointments since 31 July 2023**

- Ms. Celia Musanhu was appointed as HE Student Governor on 10<sup>th</sup> October 2023 for a one-year period.
- Ms Shelley O'Connor was appointed as FE Student Governor on 8<sup>th</sup> November 2023 for a one-year period.

### **Re-appointments since 31 July 2023**

There have been the following re-appointments since 31 July 2023:

- Mr. M. Robinson was reappointed to serve a 3<sup>rd</sup> term by exception and as Vice Chair, Chair of the Remuneration Committee and Chair of Search and Governance Committee from 22 September 2023 – 21 September 2027.
- Prof. Joe Yates was appointed to a full 4-year term on 18<sup>th</sup> October 2023, following successful completion of his probationary first year.
- Ms. Debbie Stock was appointed to a full 4-year term on 17 November 2023, following successful completion of her probationary first year.

### **Resignations and retirements since 31 July 2023**

There have been no resignations or retirements since 31 July 2023.

Ms. Anne-Marie Nixon was the Director of Governance during the year 1 August 2022 to 31 July 2023.

## **The Governance Framework**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the quality of the provision, the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, staffing-related matters and legal requirements e.g. health and safety, safeguarding and prevent. The Corporation met 9 times during 2022/23 (including a strategic planning conference).

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Search and Governance Committee, Remuneration Committee, Audit Committee, Finance and Resources Committee, Quality and Standards Committee, HE Committee, Appeals Committee, Appointment Panel for Senior Post Holders and Tender Evaluation Panel. Where the Committee does not have delegated powers for the determination of a matter it will make a recommendation for the Corporation Board to consider and confirm or otherwise. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website ([www.hughbaird.ac.uk](http://www.hughbaird.ac.uk)) or from the Director of Governance at:

Hugh Baird College  
Balliol Road  
Bootle  
L20 7EW

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

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

Formal agendas, papers and reports are supplied to governors in a timely manner (and in accordance with the Instrument and Articles of Government), prior to Board meetings. Briefings are provided on an ad hoc basis.

During 2022/23 the Corporation and its Committees held scheduled meetings on a hybrid basis, with members and officers able to join meetings in person or remotely via Microsoft Teams. All Corporation and Committee meetings were quorate, and all papers were sent out electronically (via the Corporation's e-governance system) within the 7-day rule, in accordance with the Instrument and Articles of Government. Members and managers had been trained in the use of Microsoft Teams before the Covid-19 pandemic lockdowns and detailed training is provided for all new members and managers. In reviewing the effectiveness of hybrid meetings, the Corporation noted that attendance had increased and the overall level of participation and balance of scrutiny and challenge had remained high.

## **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, consisting of four members of the Corporation, 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 and the Director of Governance delivers detailed induction training to all new governors.

Members of the Corporation are appointed for a term of office not exceeding four years. Each member can serve the equivalent of two consecutive four-year terms of office with a third four-year term (maximum 12 years) by exception. During 2022/23 there were no governors serving more than two consecutive terms of four years.

## **Corporation Performance**

During 2022/23 the Corporation's self-assessment process took account of compliance with the AoC Code of Governance for English Colleges, the Board assurance opinion, individual governor feedback and impact on areas for improvement identified from the most recent Ofsted inspection. In September 2022, the Search and Governance Committee self-assessed against a detailed schedule of evidence relating to the AoC Revised Code of Good Governance for English Colleges and concluded that the College complied with the Code. The exercise identified that governance was effective and that there were a number of key strengths in governance and some areas for improvement. A review of compliance with the AoC Code of Good Governance has been completed in October 2023 and has identified areas for further development. An External Board Review was commissioned in 2022/23 and commenced in September 2023.

During 2022/23 the Corporation continued to invest in a detailed internal audit annual programme and in producing the annual audit assurance opinion, the internal auditors considered the governance related elements, as well as the risk mitigation procedures undertaken within each of the assignment reviews. The internal audit annual report and opinion for 2022/23 concluded that: *"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."*

## Board Training and Development

The Corporation approved the annual schedule of business and a detailed governor training and development plan for 2022/23 at its meeting on 19 October 2022. In addition to the plan, a number of governors attended training and development sessions which were promoted and delivered internally and externally in-year. All the Committee session presentations have been made available electronically to all members.

<b>Date</b>	<b>Session Title</b>	<b>Attendance Group / Individual</b>	<b>Lead Presenter / Organisation</b>
21/09/22	Sector Risks	Audit Committee	RSM – Internal Auditors
19/10/22	Meeting Skills Needs	Corporation	Principal and Chief Executive & Deputy Principal
23/11/22	Understanding Regularity Audit & Financial Statements	Audit Committee	Wylie & Bisset – External Auditors
16/11/22	Consolidation of Accounts	Finance & Resources Committee	Vice Principal Finance and Corporate Services
02/11/22	Faculty of Health & Education	HE Committee	Assistant Principal Higher Skills & Access
30/11/22	Risk and Control	Corporation	Chair of Audit Committee & Vice Principal (Finance & Corporate Services)
07/12/22	Curriculum & Quality Key Areas for Improvement	Corporation	Principal and Chief Executive & Deputy Principal
18/01/23	Key Sector Financial Challenges	Finance & Resources Committee	Deputy Chief Executive AoC
18/01/23	Financial Data Dashboard	Finance & Resources Committee	Vice Principal Finance & Corporate Services
27/01/23	Strategic Planning	Corporation Strategic Planning Conference	All Members of Principalship
27/01/23	Learning Walks and Work Scrutiny	Corporation Strategic Planning Conference	Deputy Principal & Assistant Principals
08/03/23	Insurance and Key Risks	Audit Committee	Vice Principal Finance & Corporate Services
22/03/23	Careers and Gatsby Standards	Quality & Standards Committee	CEO Elevate Partnership
15/03/23	Business Planning 2023/24	Finance & Resources Committee	Vice Principal Finance & Corporate Services & Senior Planning & Funding Manager
29/03/23	HR and Employment Law Update	Corporation	Director of HR and OD

<b>Date</b>	<b>Session Title</b>	<b>Attendance Group / Individual</b>	<b>Lead Presenter / Organisation</b>
01/03/23	Faculty of Engineering Developments	HE Committee	Assistant Principal Higher Skills & Access
22/06/23	Board Assurance and Risk Appetite	Audit Committee	Vice Principal Finance & Corporate Services
28/06/23	OfS Regulation	HE Committee	Liverpool John Moores University

In addition to the scheduled sessions detailed above governors attended Safeguarding and LGBTQ+ training delivered by the Designated Safeguarding Lead on 19 and 26 March 2023. The Lead Governor for Safeguarding attended Level of Need training with Sefton Safeguarding Partnership on 20 February 2023 and Managing Allegations training on 25 April 2023. Governors also attended Self-Assessment Review Panels on 19 and 20 October 2022 and Curriculum Planning on 28 March 2023. New governors attended Induction Training delivered by the Director of Governance and governors participated in a student-led Brickwork training session held on 8 February 2023. Governors also benefitted from participating in a wide range of internal and external online training and development sessions including: Why You Can't Ignore IR35; Employment Matters - Legal Spring 2023 Update; ONS Reclassification; The Risks and Challenges Presented to UK Businesses in 2023 (all delivered online by RSM). The Chair of Audit Committee attended 1:1 mentoring sessions in the role of Chair from RSM and the Chair of Quality and Standards Committee attended AoC Curriculum & Quality Committee Chairs Network on 8 March 2023.

The Chair of the Corporation participated in the Chartered Institute of Directors' Leadership Programme in 2021/22 and attended the 2022/23 Strategic Conversation with the ESFA.

The Director of Governance participated in a wide range of continuous professional development activities, including mandatory safeguarding, prevent, equality diversity and inclusion, cyber security training; the full annual schedule of governor training; ESFA Strategic Discussion; ETF Governance Conference; ETF Staff Governors' Conference (acted as Chair); AoC North West Governance Professionals Network Meetings; AoC Governance Conference (chaired and attended). In addition, the Director of Governance chaired the AoC National Governance Professionals' Group, attended the AoC Chairs' Council and participated in the following ETF National Groups: Governance Development Programme, Working Group on the AoC Revised Code of Good Governance and Governance Professionals' Competency Framework Group.

The Corporation has considered the DfE guidance on external board reviews and commissioned an external review to commence in September 2023.

### **Remuneration Committee**

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised the Chairs of the Corporation's Committees including the Chair and Vice Chair of the Corporation. The Committee's responsibilities are to monitor and challenge

the senior post holders' progress towards their agreed targets and to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders.

The College has adopted the AoC's Senior Staff Remuneration Code with effect from September 2019 and complies with its requirements. The Corporation's policy statement for 2022/23 was reviewed on 12 October 2022 and is as follows:

### **Corporation's Approach to Remuneration of Senior Postholders - Remuneration Committee Policy Statement**

#### **1. Key principles and statutory framework**

The Board is responsible, under its Instrument and Articles of Government for the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of designated senior posts, including the Director of Governance.

The Board observes the Seven Principles of Public Life, published in the Nolan Committee report 1996 in its conduct: Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty and Leadership.

#### **2. Purpose**

To provide a framework for the determination and annual review of the pay of senior postholders that is fair, transparent and equitable.

#### **3. Responsibilities**

The Board approves any annual Cost of Living pay award for all staff, following AOC recommendations and the recommendations of the Principalship.

The Board delegates to the Remuneration Committee authority to recommend the pay of the Principal and Chief Executive Officer and other designated senior postholders within the framework set by this policy.

The Chair of the Board is responsible for the performance review of the Principal and Chief Executive and the Director of Governance and for reporting outcomes to the Remuneration Committee. This responsibility may be delegated to a Vice Chair of the Board if required.

The Principal and Chief Executive is responsible for the performance review of other designated senior postholders and for reporting outcomes and making recommendations on pay to the Remuneration Committee.

The Director of Governance is responsible for providing advice on procedural and governance matters, for sharing governance best practice and for recording the deliberations of the Remuneration Committee on all items other than the Director of Governance's performance and pay.

The Committee and the Director of Governance shall have access to independent advice if and when required.



#### 4. Monitoring and Review of the Policy

This policy will be reviewed at least every three years by the Board, on recommendation by the Committee, or as circumstances require (e.g., a change in legislative framework)

#### 5. Policy statement

In setting the pay and conditions of service of designated senior postholders, the Board's objectives are to:

- Recruit and retain high calibre staff
- Aspire to pay appropriate rates for the sector, of at least the median of the range of pay for equivalent level staff
- Motivate staff and reward achievement
- Plan for the succession of staff

#### 6. Appraisal Process

- All senior post holders will have an annual appraisal conducted in September / October of each year where the performance of the prior academic year will be reviewed. Performance and development objectives for the current academic year due for completion by 31 July each year will also be reviewed at this meeting.
- Senior postholders will also have two progress review meetings each year, at which performance to date against that year's objectives will be discussed and objectives relating to the forthcoming academic year will be set.
- The appraisal of the Principal and Chief Executive and the Director of Governance will be conducted by the Chair and the appraisal of all other senior postholders shall be conducted by the Principal and Chief Executive.
- The Remuneration Committee will receive a report on the appraisal outcomes of all designated senior postholders to inform the pay award process.
- Minutes of the previous Remuneration Committee meetings will also be provided to support the decision making of the Committee.

#### 7. Procedures for determining pay and conditions of service

The following factors shall be considered in any annual review of pay and conditions of service:

- The College's commitment to equality and diversity as expressed in its equality and diversity policy
- Salary benchmark data for same-level staff in comparable colleges (derived from the AOC Survey of Remuneration of Management Staff and Senior Postholders)
- Economic conditions and competitive forces within the City Region and sector as a whole

- Affordability, as determined by the College's financial performance
- Whole College performance against the strategic objectives and Key Performance Indicators approved by the Board
- Individual performance against objectives set as part of the annual appraisal process
- Demands of the role over the last year in addition to the normal working hours attached to the post.
- There is no provision for performance-related pay for senior postholders, nor any provision for annual bonus arrangements.
- Allocation of additional duties and changes in responsibilities for senior postholders shall be addressed outside of any discussion of annual pay awards
- The Corporation as employer will make pension contributions for senior postholders as is its practice for all staff, to either the Teachers' Pension Fund or the Merseyside Pension Fund and this will be confirmed in the statement of particulars in the appointment letter.

Any pay award or changes to terms and conditions agreed by the Remuneration Committee for a designated senior postholder, will take effect from 1 August unless otherwise agreed by the Remuneration Committee.

The Chair of the Remuneration Committee will write formally to designated senior postholders to advise of any pay award or changes to terms and conditions agreed by the Remuneration Committee.

If a pay award or change to terms and conditions of service approved by the Remuneration Committee is not fully accepted by the post holder, a specially convened meeting of the Remuneration Committee will take place at the earliest opportunity to note the non-acceptance and the implications of this. This meeting will be called by the Chair of the Remuneration Committee. The Remuneration Committee has the authority to alter or withdraw any pay award or change to terms and conditions which is not fully accepted.

The Chair of the Remuneration Committee will provide the minutes of Remuneration Committee to the Board to advise on the outcome of the appraisals of designated senior postholders. The minutes will include whether any pay awards or changes to terms and conditions of service have been made (in line with the pre-determined criteria set out at section seven above) and the Chair will report whether or not such awards have been accepted.

## **8. Income Derived from External Activities**

The Corporation recognises the benefit of staff representing the College on various sector bodies and boards during the course of their normal working week. Provision for staff undertaking civic responsibilities at other organisations is addressed in the College's Human Resources policies and procedures.

The Corporation supports the sharing of best practice across the sector and acknowledges that from time-to-time senior postholders may be invited to share their sector-based expertise freely or for a consultancy fee. Such work may be conducted during the individual's normal working hours, subject to operational demands. The retention of any consultancy fees associated with this work, which must be directly related to quality improvement at the College, must have the specific, minuted prior approval of the Corporation following analysis of the benefit to the organisation and be limited to a maximum of 16 days p.a., with no two senior postholders conducting this work at the same time, unless attending a training session. Any approval granted for retention of income will be subject to the individual submitting an annual report to the Remuneration Committee demonstrating the benefit to the College. In all other circumstances, senior postholders will be expected to demonstrate the benefit to the College as part of their appraisal reviews.

This policy statement is scheduled for review in 2023/24.

In 2022/23 Remuneration Committee met on two occasions on 12 October 2022 and 15 June 2023. The overall attendance for the year was 82%. All meetings were quorate.

The College's key strategic objectives are detailed in the key strategic priorities developed for 2022-23 and senior post holder targets were aligned to the key strategic priorities.

The Corporation's designated senior postholders for 2022/23 were:

- Rachael Hennigan – Principal and Chief Executive
- Sonia Stirling – Deputy Principal Curriculum Quality and Student Services
- Matt Larkin – Vice Principal Finance and Corporate Services
- Anne-Marie Nixon – Director of Governance

### **Principal and Chief Executive's Earnings for 2022/23**

The current value for the College of the pay multiple of the Principal and Chief Executive's earnings against the median of all staff, plus details of how this indicator has changed over an extended period of time is stated as:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Principal's basic salary as a multiple of the median of all staff	4.95	5.36	4.67
Principal and CEO's total remuneration as a multiple of the median of all staff	5.22	5.64	4.72

### **Institutional Performance and Performance Related Pay**

As stated above it is the Corporation's policy not to make any performance related or bonus pay awards for senior postholders.

### **Payment of Expenses**

The Corporation has approved an expenses policy for all staff including senior postholders and this is detailed within Financial Regulations. Payment of expenses to governors and senior postholders is set out in Financial Regulations and the amounts paid during 2022/23 are detailed in note 18.

Details of remuneration for the year ended 31 July 2023 are set out in note 18 to the financial statements.

### **Audit Committee**

The Audit Committee comprises three members of the Corporation plus an external co-opted member and excludes the Accounting Officer and Chair. The Committee operates in accordance with written terms of reference which are regularly reviewed by the Committee and approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

The Audit Committee meets at least termly (4 times in 2022/23) and provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main funding bodies as they affect the College's business.

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

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

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

The Committee receives regular sector briefings from the internal auditors and schedules regular training sessions to ensure that members remain well informed on sector issues and risks. These training sessions have been listed in the statement relating to Corporation training. The members of the Committee and their attendance records are shown below:

Name	21/09/22	23/11/22	08/03/23	22/06/23 Change of date	Actual	Possible	%
P. Brown	√	√	X	√	3	4	75%
R. Harding-Quinn	√	√	√	√	4	4	100%
K. Lockhart	√	√	√	√	4	4	100%
B. Rice (Co-opted member)	X	√	√	X	2	4	50%

### **Search and Governance Committee**

During 2022/23 Search and Governance Committee met five times and fulfilled its terms of reference in relation to advising the Corporation on all matters relating to its composition and the development of governance best practice. Minutes of all meetings (excluding confidential discussions with applicants) are available on the College website. During 2022/23 the Committee advised the Corporation on targeted recruitment, recommended appointments, reviewed the role descriptions, person specifications and skills audit of governors in addition to consideration of compliance with the Code of Good Governance.

### **Finance and Resources Committee**

During 2022/23 Finance and Resources Committee met five times and scrutinised and challenged management reports on the College's financial position at each meeting. Each of the five meetings focussed on the efficient and effective use of resources, the solvency of the institution and the progress of the 2022/23 budget. Consideration was also given to the draft estimates of income and expenditure for 2023/24 before being

formally approved by the Corporation on 28 June 2023. The Committee has detailed terms of reference approved by the Corporation and a detailed schedule of business including regular training sessions was approved at the first meeting of the academic year. The Committee (including the Principal and Chief Executive as a member) provided clear direction on the development of the 2023/24 budget which would enable the College to achieve good financial health.

### **Quality and Standards Committee**

The Quality and Standards Committee met five times during 2022/23 and has detailed terms of reference approved by the Corporation. The Committee agrees an annual schedule of business (including opportunities for continuous professional development for Committee members) at its first meeting each academic year. In 2022/23 the Committee reviewed and approved a number of student-facing policies, in addition to closely monitoring and challenging the intent, implementation and impact of the curriculum and the new Quality Framework and Teaching, Learning and Assessment Strategy. In addition to the Committee's scrutiny and challenge of success rates, governors participate in the validation panel scrutiny of the College-wide self-assessment report before the final report is submitted for Board approval in December.

### **Higher Education (HE) Committee**

The HE Committee met three times during 2022/23 and has detailed terms of reference approved by the Corporation. The terms of reference are reviewed regularly by the Committee to ensure that it continues to operate in accordance with the latest guidance. The Committee agrees an annual schedule of business (including opportunities for continuous professional development for Committee members) at its first meeting each academic year. In 2022/23 the Committee received training as detailed in the Corporation's training statement, in addition to regular reports on financial sustainability and detailed reports relating to the HE strategy, student experience, standards, OfS compliance and risks.

### **Internal control**

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

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

### **The purpose of the system of internal control**

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to

evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hugh Baird College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts and this process is regularly reviewed by the Corporation.

### **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 College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

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

## **Statement from the Audit Committee**

Hugh Baird College has retained an internal audit service, which operates in accordance with the 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. The Internal Audit Partner provides the governing body with an annual report on internal audit activity in the College, following review and detailed discussion with the Audit Committee. The report includes the internal auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

## **Risks faced by the Corporation**

The Corporation has approved a Risk Management Policy which sets out the structures and processes for identifying, evaluating and managing risks faced by the College. A Strategic Risk Register is maintained at the College level, which is reviewed regularly by the Audit Committee and annually by the Corporation. The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The risks identified and managed through this process inform the principal risks as set out in the Strategic Report.

## **Control weaknesses identified**

Through the internal audit reviews the Corporation has received reports and assurances of the effectiveness of controls which are in place at the College to safeguard the assets and ensure effective and efficient use of resources. There have been no significant control weaknesses or failures identified in the year.

## **Responsibilities under funding agreements**

The College is party to a significant number of funding agreements with a range of regulatory funding bodies, including the ESFA, the Liverpool City Region Combined Authority and the Office for Students.

The College maintains an Internal Audit service provided by RSM which includes annual provision for mock funding audits and continuing professional advice and development to ensure that all key operational staff and process are in place to ensure that the College continues to meet all contractual responsibilities.

## **Statement from the Audit Committee**

The Annual Report of the Audit Committee has been produced to provide the Corporation with the Audit Committee's advice as to the effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets and is intended to be read in conjunction with the Annual



Report of the Internal Audit Services Provider, RSM UK Risk Assurance Services LLP and the Regularity Report by Wylie Bisset.

Audit Committee had advised the Corporation that the College has an adequate and effective framework for risk management, governance and internal control. This opinion is supported by the 2022/23 Annual Report of the Internal Audit Services Provider, RSM UK Risk Assurance Services LLP.

During the year, RSM conducted the following reviews, the results of which have been taken into consideration in determining the company's control opinion for 2022/23:

- Complaints Handling
- Purchase Ledger
- Key IT Security Controls
- Learner Number Systems
- Follow Up.

Draft reports for each of these reviews were considered by members of the College Management Teams, whose responses to the audit recommendations and details of their implementation, where applicable, were included in the final reports.

The audits of Complaints Handling and Purchase Ledger resulted in "substantial" assurance opinions. The audit of Key IT Security Controls resulted in a reasonable assurance opinion and the learner Number Systems was an advisory review and all agreed management actions are being closely monitored. The Follow Up audit resulted in RSM's conclusion that good progress was being made. RSM's governance opinion was informed by, and considered within, several assignments that considered the College's governance arrangements, specifically the Complaints Handling review as well as RSM's attendance at Audit Committee meetings. RSM's risk management opinion was informed by their risk based approach to individual assignments as RSM's attendance at Audit Committee meetings.

The internal audit service opinions from all audits have been used in forming the Committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency, and effectiveness. All audits have included reference to the College's system of controls published in relevant policies and procedures and the College's detailed scheme of Financial Regulations.

### **Review of effectiveness**

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

- the work of the internal auditors

- the work of the executive 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 auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of 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, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes recommendations and detailed minutes of all meetings of Audit Committee throughout the year. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation will be carrying out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

*M Robinson*

*R Hennigan*

M Robinson  
Vice Chair of the Corporation

R Hennigan  
Principal and Chief Executive

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

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

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

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

*R Hennigan*

R Hennigan  
Accounting Officer  
Principal and Chief Executive

Date: 13 December 2023

## **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.

*M Robinson*

M Robinson  
ViceChair of Governors

Date: 13 December 2023

## **Statement of the 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 websites; 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.

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

Approved by order of the members of the Corporation on 13 December 2023 and signed on its behalf by:

Signed on behalf of the Corporation

*M Robinson*

M Robinson  
Vice Chair of the Corporation

# INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF HUGH BAIRD COLLEGE FOR THE YEAR ENDED 31 JULY 2023

## Opinion

We have audited the financial statements of Hugh Baird College (the parent 'College') and its subsidiary (the 'Group') for the year ended 31 July 2023 which comprise the Consolidated Statement of Comprehensive Income, the Statements of Changes in Reserves, the Group and College Balance Sheets, the Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. 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 Parent's affairs as at 31 July 2023, and of the Group's income and expenditure, gains and losses and changes in reserves, and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast

significant doubt on the 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 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 and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or

- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated

## **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of the Group and College financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 Corporation is responsible for assessing the Group and 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 Corporation either intend to liquidate the Group and 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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Extent to which the audit was considered capable of detecting irregularities including fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.



In identifying and assessing the risks or material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the Group and College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the Group and College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2022 to 2023;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students;
- Compliance with the requirements of the Office for Standards in Education; and

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2022 to 2023

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries

#### **Audit response to the risks identified:**

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the Group and College and the sector in which it operates;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the Audit Committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education;

- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business; and

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

### **Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

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

*Wylie & Bisset (Audit) Limited*

Wylie & Bisset (Audit) Limited  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

Date: 18 December 2023

## **Reporting accountant's assurance report on regularity**

To: The Corporation of Hugh Baird College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 31 October 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 Hugh Baird College during the period 1 August 2022 to 31 July 2023 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 Hugh Baird 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 Hugh Baird 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 Hugh Baird College and the ESFA for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Hugh Baird College and the reporting accountant**

The Corporation of Hugh Baird 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Code issued by 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:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

## **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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

*Wylie & Bisset (Audit) Limited*

Wylie & Bisset (Audit) Limited  
Statutory Auditor  
168 Bath Street  
Glasgow  
G2 4TP

Date: 18 December 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 AUGUST 2022 TO 31 JULY 2023

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b><u>Income</u></b>					
Funding body grants	2	22,362	20,898	19,817	19,817
Tuition fees and education contracts	3	6,195	4,955	5,186	5,186
Other income	4	1,182	819	844	844
Investment income	5	2	2	0	0
Investment in Subsidiary	20	226	0	0	0
<b>Total Income</b>		<b>29,967</b>	<b>26,674</b>	<b>25,847</b>	<b>25,847</b>
<b><u>Expenditure</u></b>					
Staff costs	6	18,552	17,195	17,147	17,147
Other operating expenses	7	9,652	8,472	6,962	6,962
Interest payable	8	213	193	309	309
Depreciation	9	2,468	2,145	2,011	2,011
<b>Total expenditure</b>		<b>30,886</b>	<b>28,006</b>	<b>26,429</b>	<b>26,429</b>
<b>Deficit before gains and losses</b>		<b>(918)</b>	<b>(1,332)</b>	<b>(582)</b>	<b>(582)</b>
<b>Deficit before tax</b>		<b>(918)</b>	<b>(1,332)</b>	<b>(582)</b>	<b>(582)</b>
Taxation		5	-	-	-
<b>Deficit for the year</b>		<b>(914)</b>	<b>(1,332)</b>	<b>(582)</b>	<b>(582)</b>
Actuarial gain in respect of pension schemes	15	4,071	4,071	11,534	11,534
<b>Total Comprehensive Income for the year</b>		<b>3,157</b>	<b>2,739</b>	<b>10,952</b>	<b>10,952</b>

**STATEMENT OF CHANGES IN RESERVES  
GROUP**

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b><u>Balance at 1<sup>st</sup> August 2021</u></b>	<b>3,718</b>	<b>1,113</b>	<b>4,831</b>
Deficit from the income and expenditure account	(582)	-	(582)
Other comprehensive income	11,534	-	11,534
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>11,011</b>	<b>(59)</b>	<b>10,952</b>
<b><u>Balance at 31<sup>st</sup> July 2022</u></b>	<b>14,729</b>	<b>1,054</b>	<b>15,783</b>
Deficit from the income and expenditure account	(914)	-	(8914)
Other comprehensive income	4,071	-	4,071
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>3,216</b>	<b>(59)</b>	<b>3,157</b>
<b><u>Balance at 31<sup>st</sup> July 2023</u></b>	<b>17,945</b>	<b>995</b>	<b>18,940</b>

**STATEMENT OF CHANGES IN RESERVES  
COLLEGE**

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
<b><u>Balance at 1<sup>st</sup> August 2021</u></b>	<b>3,718</b>	<b>1,113</b>	<b>4,831</b>
Deficit from the income and expenditure account	(582)	-	(582)
Other comprehensive income	11,534	-	11,534
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>11,011</b>	<b>(59)</b>	<b>10,952</b>
<b><u>Balance at 31<sup>st</sup> July 2022</u></b>	<b>14,729</b>	<b>1,054</b>	<b>15,783</b>
Deficit from the income and expenditure account	(1,332)	-	(1,332)
Other comprehensive income	4,071	-	4,071
Transfers between revaluation and income and expenditure reserves	59	(59)	-
<b>Total comprehensive income for the year</b>	<b>2,798</b>	<b>(59)</b>	<b>2,739</b>
<b><u>Balance at 31<sup>st</sup> July 2023</u></b>	<b>17,527</b>	<b>995</b>	<b>18,522</b>

**BALANCE SHEET  
AS AT 31 JULY 2023**

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b><u>Fixed assets</u></b>					
Tangible assets	9	37,351	34,398	31,522	31,522
<b><u>Current assets</u></b>					
Debtors	10	1,882	1,201	770	770
Cash at bank and in hand	14	4,259	4,038	6,974	6,974
Total current assets		6,141	5,240	7,744	7,744
Creditors: amounts falling due within one year	11	(5,827)	(4,761)	(4,596)	(4,596)
Total net current assets		314	478	3,148	3,148
<b>Total assets less current liabilities</b>		<b>37,665</b>	<b>34,877</b>	<b>34,670</b>	<b>34,670</b>
<b>Creditors:</b> amounts falling due after more than one year	12	(18,725)	(16,354)	(15,113)	(15,113)
<b>Net assets excluding pension liability</b>		<b>18,940</b>	<b>18,522</b>	<b>19,557</b>	<b>19,557</b>
Net pension liability	15	-	-	(3,774)	(3,774)
<b>Net assets including pension liability</b>		<b>18,940</b>	<b>18,522</b>	<b>15,783</b>	<b>15,783</b>
<b><u>Reserves</u></b>					
Revaluation reserve		995	995	1,054	1,054
Income & expenditure account		17,945	17,527	18,503	18,503
Pension reserve		-	-	(3,774)	(3,774)
<b>Total</b>		<b>18,940</b>	<b>18,522</b>	<b>15,783</b>	<b>15,783</b>

The financial statements on pages 52 to 84 were approved by the Corporation on 13 December 2023 and were signed on its behalf by:

*M Robinson*

*R Hennigan*

M Robinson  
Vice Chair of the Corporation

R Hennigan  
Principal and Chief Executive



## CONSOLIDATED STATEMENT OF CASHFLOWS

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
<b>Cash flows from operating activities:</b>					
Deficit for the year		(914)	(1,332)	(582)	(582)
<b>Adjustment for non-cash items</b>					
Depreciation	9	2,468	2,145	2,011	2,011
Increase in debtors	10	(417)	(432)	(109)	(109)
Increase/(decrease) in creditors due within one year	11	(135)	153	778	778
Increase in creditors due after one year	12	1,420	1,516	843	843
Pensions costs less contributions payable	15	139	183	827	827
Taxation		(5)	-	-	-
<b>Adjustment for investing or financing activities</b>					
Investment income	5	(2)	(2)	-	-
Interest payable	8	213	193	309	309
<b>Net cash flow from operating activities</b>		<b>2,767</b>	<b>2,425</b>	<b>4,077</b>	<b>4,077</b>
<b>Cash flows from investing activities</b>					
Investment income	5	2	2	-	-
Acquisition of Subsidiary, net of cash acquired		(5)	-	-	-
Payments to acquire fixed assets	9	(5,027)	(5,022)	(3,792)	(3,792)
		<b>(5,029)</b>	<b>(5,019)</b>	<b>(3,792)</b>	<b>(3,792)</b>
<b>Cash flows from financing activities</b>					
Interest paid	8	(99)	(79)	(90)	(90)
Repayments of amounts borrowed	11,12	(354)	(263)	(254)	(254)
		<b>(453)</b>	<b>(342)</b>	<b>(344)</b>	<b>(344)</b>
<b>Decrease in cash and cash equivalents in the year</b>		<b>(2,715)</b>	<b>(2,936)</b>	<b>(59)</b>	<b>(59)</b>
Cash and cash equivalents at the beginning of the year		6,974	6,974	7,033	7,033
Cash and cash equivalents at the end of the year		<u>4,259</u>	<u>4,038</u>	<u>6,974</u>	<u>6,974</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM**  
**1<sup>ST</sup> AUGUST 2022 TO 31<sup>ST</sup> JULY 2023**

**1. 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 Accounts Direction for 2022/2023 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 the management to exercise judgement in applying the College's accounting policies.

**Basis of Accounting**

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

**Basis of Consolidation**

The Group financial statements consolidate the financial statements of the College and its subsidiaries (see note 20). The financial statements of all companies in the group have been prepared to 31 July 2023.

**Going concern**

The activities of the Group and College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the Group and College, the cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £1,837,000 of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for up to another six years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants going forwards.

Accordingly, the Group and 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 its Financial Statements.

## **Recognition of Income**

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

Government revenue grants including funding body recurrent grants are recognised in line with best estimates for the period for what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the funding bodies or other bodies received in respect of acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

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

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.

## **Post Employment Benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

### *Teachers Pension Scheme (TPS)*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College, in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

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

#### *Merseyside Pension Fund (MPF)*

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

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

Actuarial gains and losses are recognised immediately in other 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.

#### **Tangible Fixed Assets**

##### a) Land and Buildings

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at their valuation at the time of incorporation.

Freehold land is not depreciated. Freehold buildings are depreciated over the expected useful economic life to the College or 40 years, whichever is the shorter.

Where land and buildings are acquired or modified 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 income and expenditure

account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

## Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Inherited equipment has been fully depreciated. All other equipment is depreciated over its useful economic life on a straight-line basis as follows:

	<u>College</u>	<u>Subsidiary</u>
Motor vehicles and general equipment	10 years	5 years
Computer equipment	5 years	3 years

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 income and expenditure account over the useful economic life of the related equipment.

## Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

## Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period in which 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The 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.

The subsidiary is made up of 2 companies. NWTC is a charity, exempt from UK corporation tax on its charitable activities. Its subsidiary, NWTC Commercial

Services, does not have charitable status and is therefore not exempt from corporation tax.

### **Provisions and contingent liabilities**

Provisions would be recognised when:

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

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

A contingent liability arises from a past event that gives the Group and 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 College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

### **Cash and cash equivalents**

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

### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 19 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

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

Judgements in applying accounting policies

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

- Determine whether leases entered into by the Group and college either as a lessor or a lessee are operating or finance lease. 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 tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### Other key sources of estimation uncertainty

- Tangible fixed assets are depreciated over their useful economic lives considering 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-assigning asset lives, factors such as technological innovation and maintenance programmes are considered. Residual value assessments consider issues such as future market conditions, and remaining life of the asset and projected disposal values.
- The present value of the Merseyside Pension Scheme defines 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 the pensions include the discount rate. Any changes in these assumptions, which are disclosed at note 15 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2. FUNDING BODY GRANTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
ESFA Recurrent Grant (16-18)	12,188	12,188	10,973	10,973
ESFA/LCR Recurrent Grant (Adults)	3,294	3,294	2,823	2,823
ESFA Apprentices	3,965	2,501	2,598	2,598
ESFA 14 – 16 Funding	567	567	1,158	1,158
ESFA Pupil Premium	30	30	109	109
Release of deferred capital grants	836	836	780	780
ESFA PCDL	115	115	113	113
ESFA Thornton LLDD	605	605	623	623
WEX Capital Funding	150	150	148	148
Teachers Pension	611	611	492	492
	<b>22,362</b>	<b>20,898</b>	<b>19,817</b>	<b>19,817</b>

## 3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
UK Further Education Students	1,164	37	94	94
UK Higher Education Students	3,240	3,127	3,458	3,458
OFS Income	315	315	248	248
	<b>4,719</b>	<b>3,479</b>	<b>3,800</b>	<b>3,800</b>
LEA	185	185	189	189
Youth Training	4	4	12	12
Advanced Learner Loans	683	683	681	681
Thornton – Sefton MBC	603	603	504	504
	<b>6,195</b>	<b>4,955</b>	<b>5,186</b>	<b>5,186</b>



## Details of sources of Higher Education funding body grants and tuition fees

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from the Office for Students	315	315	248	248
Fee income for taught awards	3,127	3,127	3,458	3,458
	<b>3,442</b>	<b>3,442</b>	<b>3,706</b>	<b>3,706</b>

### 4. OTHER INCOME

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Sales and other income	1,182	819	844	844

### 5. INVESTMENT INCOME

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Interest receivable	<u>2</u>	<u>2</u>	=	=

### 6. STAFF NUMBERS AND COST

The average number of persons (including senior post holders) employed by the College during the year, expressed as full-time equivalents was:

	2023 Numbers		2022 Numbers	
	Group	College	Group	College
Teaching Staff	225	209	215	215
Non-Teaching Staff	237	210	216	216
	<b>462</b>	<b>419</b>	<b>431</b>	<b>431</b>

	2023 Numbers		2022 Numbers	
	Group £'000	College £'000	Group £'000	College £'000
<b>Staff costs for the above persons:-</b>				
Wages and Salaries	14,168	12,988	12,556	12,556
Social Security Costs	1,383	1,293	1,153	1,153
Other Pension Costs	3,002	2,914	3,438	3,438
<b>Total Staff Costs</b>	<b><u>18,552</u></b>	<b><u>17,195</u></b>	<b><u>17,147</u></b>	<b><u>17,147</u></b>

The college/college group paid 6 severance payments in the year, disclosed in the following bands:

£0-£25,000	6
£25,001-£50,000	0
£50,001-£100,000	0
£150,000+	0

Included in staff restructuring costs are special severance payments totalling £8,500 (2021/22: £nil). Individually, the payment was £8,500.

The number of staff, including senior post-holders (shown in brackets) and the Principal and Chief Executive who is also the accounting officer, who received emoluments, excluding pension contributions and employer contributions to national insurance but including benefits in kind, in the following ranges was:

			Year ended 31 July 2023		Year ended 31 July 2022	
			Group	College	Group	College
			2023		2022	
£60,001	-	£65,000	4(0)	4(0)	4(0)	4(0)
£65,501	-	£70,000	0(0)	0(0)	1(0)	1(0)
£70,001	-	£75,000	1(0)	1(0)	0(0)	0(0)
£80,001	-	£85,000	0(0)	0(0)	1(1)	1(1)
£85,001	-	£90,000	1(1)	1(1)	0(0)	0(0)
£90,001	-	£95,000	0(0)	0(0)	1(1)	1(1)
£95,001	-	£100,000	1(1)	1(1)	0(0)	0(0)
£130,001	-	£135,000	0(0)	0(0)	1(1)	1(1)
£135,001	-	£140,000	1(1)	1(1)	0(0)	0(0)
			<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>

## KEY MANAGEMENT PERSONNEL

Senior post-holders are defined as the Principal and Chief Executive and holders of the other senior posts whom the Corporation have selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Corporation.

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	College	Group	College
The number of senior post-holders including the Principal and Chief Executive	4	4	4	4

### Senior post-holders' emoluments are

#### made up as follows:

	£	£	£	£
Salaries	379,127	379,127	362,404	362,404
Benefits in kind				
Pension contributions	133,977	133,977	125,475	125,475
	<b><u>513,103</u></b>	<b><u>513,103</u></b>	<b><u>487,879</u></b>	<b><u>487,879</u></b>

During the previous year, the number of senior postholders reduced from 5 to 4. The College no longer has a Vice Principal People, Organisational Development and Culture.

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder) of:

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder) of:

	2023	2022
	£	£
Salary	137,932	131,189
Benefits in Kind	-	-
Pension Contributions	51,326	47,988
<b>Total emoluments</b>	<b>189,257</b>	<b>179,177</b>

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

The Corporation adopted the AoC's Senior Staff Remuneration code in July 2019 and assesses pay in line with its principles, this is reviewed annually.

The remuneration package of Senior Postholders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the Colleges overall objectives using both qualitative and quantitative measures of performance.

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

	<b>2023</b>	<b>2022</b>
Principal's and CEO's basic salary as a multiple of the median of all staff	4.95	5.36
Principal and CEO's total remuneration as a multiple of the median of all staff	5.22	5.64

## 7. OTHER OPERATING EXPENSES

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Teaching Costs	2,996	2,659	2,350	2,350
Non-Teaching Costs	4,022	3,442	2,907	2,907
Premises Costs	2,634	2,371	1,705	1,705
	<b>9,652</b>	<b>8,472</b>	<b>6,962</b>	<b>6,962</b>

Other operating expenses include:

Auditor's remuneration				
- external audit	60	24	22	22
- external audit (non-audit services)	7	-	-	-
- internal audit	28	28	30	30
Hire of plant and machinery:				
- operating leases	261	40	39	39

### Access and Participation Spending (HE)

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Access Investment	461	461	486	486
Financial Support to Students	39	39	64	64
Disability Support	24	24	26	26
Research and Evaluation	10	10	10	10
	<b>534</b>	<b>534</b>	<b>586</b>	<b>586</b>

## 8. INTEREST PAYABLE

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Pension finance costs (note 15)	114	114	219	219
Interest Cost on Bank Loan	99	79	90	90
<b>Total</b>	<b>213</b>	<b>193</b>	<b>309</b>	<b>309</b>

During the period, loan interest of £79,141 (2022/23 £90,005) was paid to Lloyds Bank. The loan is being paid on a fixed rate of 4.2% over a term of 15 years.

## 9. TANGIBLE FIXED ASSETS (Group)

	Freehold Land and Buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 August 2022</b>	47,601	20,055	67,655
Additions	3,896	1,131	5,027
Disposals	-	-	-
<b>At 31 July 2023</b>	<b>51,496</b>	<b>21,186</b>	<b>72,682</b>
<b>Depreciation</b>	-	-	-
<b>At 1 August 2022</b>	16,731	16,132	32,863
Depreciation Charge	1,421	1,047	2,468
Disposals	-	-	-
<b>At 31 July 2023</b>	<b>18,153</b>	<b>17,178</b>	<b>35,331</b>
<b>Net book value at 31 July 2023</b>	<b>33,344</b>	<b>4,008</b>	<b>37,351</b>
<b>Net book value at 31 July 2022</b>	<b>30,869</b>	<b>3,923</b>	<b>34,793</b>

## TANGIBLE FIXED ASSETS (College)

	Freehold Land and Buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>			
<b>At 1 August 2022</b>	44,918	17,796	62,715
Additions	3,896	1,126	5,022
Disposals	-	-	-
<b>At 31 July 2023</b>	<b>48,814</b>	<b>18,922</b>	<b>67,736</b>
<b>Depreciation</b>			-
<b>At 1 August 2022</b>	16,125	15,068	31,193
Depreciation Charge	1,270	875	2,145
Disposals	-	-	-
<b>At 31 July 2023</b>	<b>17,395</b>	<b>15,943</b>	<b>33,338</b>
<b>Net book value at 31 July 2023</b>	<b>31,419</b>	<b>2,980</b>	<b>34,398</b>
<b>Net book value at 31 July 2022</b>	<b>28,793</b>	<b>2,729</b>	<b>31,522</b>

Land and buildings were valued at incorporation at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local authority at incorporation have been valued by the College on a depreciated replacement cost basis. The College does not have a policy for revaluation.

## 9. TRADE AND OTHER RECEIVABLES

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
<b>Amounts falling due within one year</b>				
Trade receivables (net of bad debts provision)	599	206	31	31
Prepayments and accrued income	1,283	995	739	739
	<b>1,882</b>	<b>1,201</b>	<b>770</b>	<b>770</b>

During the year the £9,592 of debts were written off. No single write off exceeded £5,000.

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Payments on account	1,140	1,066	1,241	1,241
Trade creditors	1,104	820	964	964
Taxation and social security	325	291	14	14
Accruals	1,804	1,473	1,213	1,213
Deferred income – government capital grants	1,044	836	780	780
Deferred income – government revenue grants	-	-	121	121
	<b>5,418</b>	<b>4,486</b>	<b>4,333</b>	<b>4,333</b>
Bank Loans	332	275	263	263
Obligations under finance leases	78	0	0	0
Creditors falling due within one year	<b>5,827</b>	<b>4,761</b>	<b>4,596</b>	<b>4,596</b>



## 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Deferred income – government capital grants	17,142	14,909	13,393	13,393
Bank Loans	1,505	1,445	1,720	1,720
Obligations under finance leases	77	-	-	-
Creditors falling due after more than one year	<b><u>18,725</u></b>	<b><u>16,354</u></b>	<b><u>15,113</u></b>	<b><u>15,113</u></b>

## 12. MATURITY OF DEBT

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans are repayable as follows:				
In one year or less	332	275	263	263
Between one and two years	286	286	276	276
Between two and five years	995	935	896	896
In five or more years	224	224	548	548
	<b><u>1,837</u></b>	<b><u>1,720</u></b>	<b><u>1,983</u></b>	<b><u>1,983</u></b>

## 13. CASH AND CASH EQUIVALENTS

	At 01 August 2022		Cashflows		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Cash and cash equivalents	6,974	6,974	(2,715)	(2,936)	4,259	4,038

## 15. DEFINED BENEFIT OBLIGATIONS

The College's employees belong to two pension schemes, the Teachers' Pension Scheme (TPS) and the Merseyside Pension Fund (MPF). Both are defined benefit schemes.

Total Pension Cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: Contributions paid	1,681	1,580
Merseyside Pension Scheme: Contributions paid	907	843
FRS 102 (28) charge	160	806
<b>Total Pension Cost for the year within staff costs</b>	<b>2,748</b>	<b>3,229</b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the Teachers' Pension Scheme was 31 March 2016 and the Merseyside Pension Scheme was 31 March 2019.

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

### TEACHERS' PENSION SCHEME

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

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

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

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

The valuation of the TPS is carried out in line with the regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a

real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared with 16.48% during 2018-19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2022/23 academic year and beyond.

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

The contributions paid to the TPS in the year amounted to £2,302,000 (2022 £2,162,000).

## **MERSEYSIDE PENSION FUND**

The MPF is a funded defined benefit plan, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2023 was £1,185,000, of which employer's contributions totalled £907,000 and employees' contributions totalled £278,000. The agreed contribution rate for the year was 20.2% for employers and between 5.5% and 9.9% for employees, depending on salary.

### **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a qualified independent actuary.

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
Rate of increase in salaries	4.2%	4.2%
Rate of increase in pensions	2.8%	2.8%
Discount rate for scheme liabilities	5.1%	3.5%
Inflation Assumption (CPI)	2.7%	2.7%

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

	<b>At 31 July 2023</b>	<b>At 31 July 2022</b>
<i>Retiring Today</i>	<i>Years</i>	<i>Years</i>
Males	20.8	20.9
Females	23.3	24.0
<i>Retiring in 20 years</i>	<i>Years</i>	<i>Years</i>
Males	22.1	22.4
Females	25.1	25.9

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

	<b>2023</b>		<b>2022</b>	
	<b>Long Term rate of Return expected at 31.7.23</b>	<b>Fair Value at 31.7.23 £'000</b>	<b>Long Term rate of Return expected at 31.7.22</b>	<b>Fair Value at 31.7.22 £'000</b>
Equities	45.5%	12,125	37.0%	10,313
Government Bonds	13.2%	3,517	21.7%	6,049
Other Bonds	4.1%	1,092	8.1%	2,258
Property	10.5%	2,798	8.25%	2,286
Cash/Liquidity	2.7%	719	5.2%	1,450
Other	24.0%	6,395	19.8%	5,519
<b>Total Market Value of assets</b>		<b>26,646</b>		<b>27,875</b>
Present value of scheme liabilities		(25,525)		(31,649)
Related deferred tax liability		-		-
<b>Surplus (Deficit) in the scheme</b>		<b>1,121</b>		<b>(3,774)</b>

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

	<b>2023 £'000</b>	<b>2022 £'000</b>
Fair value of plan assets	26,646	27,875
Present value of plan liabilities	(25,525)	(31,649)
Curtailment of pension surplus	(1,121)	-
<b>Net pensions asset (liability)</b>	<b>-</b>	<b>(3,774)</b>

In accordance with FRS102 paragraph 28.22, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Since the College cannot request a refund of the contributions

and cannot at this time confirm that there will be any reductions in future contributions payable to the scheme, the pension scheme asset has not been recognised within these financial statements and the pension scheme gain has only been recognised up to a scheme value of zero on the Balance Sheet.

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

Amounts included in staff costs:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Current Service Cost	1,208	1,838

Amounts included in Interest Payable:

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Net interest income	114	219

Amounts recognised in Other Comprehensive Income

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Return on pension plan assets	(2,789)	809
Changes in assumptions underlying the present value of plan liabilities	7,981	10,725
Curtailment of pension surplus	(1,121)	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>4,071</b>	<b>11,534</b>

## Movement in net defined benefit liability during the year

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Deficit in scheme at 1 August	(3,774)	(14,262)
<b>Movement in year:</b>		
Current service cost	(1,208)	(1,838)
Employer contributions	1,048	1,037
Net interest/return on assets	(114)	(219)
Administration Cost	(23)	(21)
Past Service Cost	-	-
Curtailments	-	(5)
Actuarial Gain	4,071	11,534
Surplus (deficit) in scheme at 31 July	-	<b>(3,774)</b>

## Asset and Liability Reconciliation

### Changes in the present value of defined benefit obligations

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Defined benefit obligations at start of period</b>	31,649	40,182
Current service cost	1,208	1,838
Interest cost	1,100	640
Member contributions	279	261
Past service cost	-	-
Curtailments	-	5
Remeasurements (liabilities)	(7,981)	(10,725)
Estimated benefits paid	(730)	(552)
<b>Net benefit obligation at end of period</b>	<b>25,525</b>	<b>31,649</b>

### Change in fair value of plan assets

	<b>2023</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
<b>Fair value of plan assets at start of period</b>	27,875	25,920
Interest on plan assets	986	421
Remeasurements (assets)	(2,789)	809
Employer contributions	1,048	1,037
Member contributions	279	261
Benefits paid	(730)	(552)
Administration Expenses	(23)	(21)
Curtailment of pension surplus	(1,121)	-
<b>Fair value of plan assets at end of period</b>	<b>25,525</b>	<b>27,875</b>

## **Retirement Benefit schemes – NWTC Group and Charity**

### **Defined benefit schemes**

North West Training Council (the Council) operates a defined benefit arrangement called the North West Training Council Pension Scheme (the Scheme). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for defined contributions schemes operated by the Council or any monies relating to AVC investments and insured pensions.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Council must agree with the Trustees of the Scheme the contributions to be paid to meet the Scheme Funding Objective.

The Trustees and the Council are in the process of finalising the actuarial valuation as at 31 July 2022. In the event that the valuation reveals a larger deficit than expected, the Council may be required to increase contributions above set out in the existing Schedule of Contributions. Conversely, if the position is better than expected, it's possible that contributions may be reduced.

Based on preliminary discussions with the Trustees, the Council expects to pay contributions of £33,820 in the year to 31 July 2024.

The Scheme is managed by a Board of Trustees appointed in part by the Council and part from elections by members of the Scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing the Scheme's assets. The Trustees delegate some of these functions to their professional advisers where appropriate.

There were no planned amendments, curtailments or settlements during the period.

Risk mitigation strategies:

The Scheme exposes the Council to a number of risks:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide the real returns over the long- term the short-term volatility can cause additional funding to be required if deficits emerge.
- Interest rate risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation risk. A proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long- term, movements over the short- term could lead to deficits emerging.

- Mortality risk. In the event the members live longer than assumed, deficits may emerge in the Scheme.

Profile of defined benefit obligation:

The weighted average duration of the defined benefit obligation is 8 years.

Figures for disclosure in the accounts for the period ended 31 July 2023 under FRS102. Results are shown in pounds, rounded to the nearest £1,000:

Principal actuarial assumptions

	<b>2023</b> %
Discount rate	5.25
Expected rate of increase of pensions in payment	3.30
Inflation assumption (RPI)	3.40
Inflation assumption (CPI)	<u>2.90</u>

Mortality - For 2023 & 2022 100% S3PA tables, CMI 2022/2019 projections, 1.25% p.a., nil initial addition & default other parameters.

Commutation - For both 2023 & 2022 members are assumed to take 25% of their pension as tax free cash.

Proportion married at retirement or earlier death - For both 2023 & 2022 75% males, 70% females. GMP equalisation allowance - For both 2023 & 2022 1.2% of Scheme liabilities.

The current asset split is as follows:

	<b>Bid values as at 31.7.23 £</b>
Equities	1,467,000
Bonds	4,343,000
Cash	<u>79,000</u>
Total assets	<u><u>5,889,000</u></u>

Amounts recognised in the profit and loss account:

	<b>2023 £</b>
Past service costs	-
Interest on liabilities	200,000
Restriction on net interest income credited to the income statement	-
The effect of any curtailment or settlement	-
Interest on assets	<u>(211,000)</u>
Total costs/(income)	<u><u>(11,000)</u></u>



Amounts recognised in other recognised gains & losses:

	<b>2023</b>
	<b>£</b>
Actual return on scheme assets	-
Restriction on net interest income credited to the income statement	-
Losses/(gains) from changes to financial assumptions	(928,000)
Losses/(gains) from changes to demographic assumptions	(126,000)
Loss/(gains) on assets in excess of interest	395,000
Past service costs not yet recognised	-
Experience losses/(gains) on liabilities	271,000
Liability for minimum funding requirement	-
	<hr/>
Total costs	<u>(388,000)</u>

*Amounts recognised in the balance sheet:*

	<b>2023</b>
	<b>£</b>
Present value of funded obligations	(5,155,000)
Fair value of assets	5,889,000
	<hr/>
Surplus in scheme	734,000
	<hr/>
Curtailment of pension surplus	(734,000)
Total asset recognised	<u>-</u>

Movements in the present value of defined benefit obligations:

	<b>2023</b>
	<b>£</b>
Liabilities at 1 August 2022	6,220,000
Benefits paid	(482,000)
Experience (gain) /loss on liabilities	271,000
Changes to financial assumptions	(928,000)
Interest on liabilities	200,000
Changes to demographic assumptions	(126,000)
	<hr/>
At 31 July 2023	<u>5,155,000</u>

Sensitivity of the value placed on the liabilities:

	<b>Approx. effect on liability 2023 £</b>
Discount rate:	
Discount rate +0.25%	(97,000)
Discount rate -0.25%	100,000
Inflation:	
Inflation +0.25%	31,000
Inflation -0.25%	(29,000)
Mortality:	
90% of base table	218,000
110% of base table	(195,000)

Movements in the fair value of plan assets:

	<b>2023 £</b>
Fair value of assets at 1 August 2022	6,522,000
Interest on assets	211,000
Return on plan assets less interest	(395,000)
Benefits paid	(482,000)
Contributions by the employer	33,000
Fair value of assets at 31 July 2023	<u>5,889,000</u>
Actual return on assets	<u>(184,000)</u>

Projected profit & loss account for next year:

	<b>Period to 31 July 2024 £</b>
Interest on liabilities	258,000
Interest on assets	<u>(298,000)</u>
Total	<u>(40,000)</u>

The above estimate is based on the assumptions adopted at the Review Date and assumes the following:

- i) Cashflows to and from the pension scheme are broadly the assume as for the current period.
- ii) There are no events (other than those already notified to us) that would give rise to a settlement, curtailment or past service cost.

## 16. CAPITAL COMMITMENTS

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
T Level Grants	-	-	1,167	1,167
Orders raised for the College Capital Programme 2022/23	460	460	1,267	1,267
	<b><u>460</u></b>	<b><u>460</u></b>	<b><u>2,434</u></b>	<b><u>2,434</u></b>

## 17. FINANCIAL COMMITMENTS

At 31 July, the Group had annual commitments under non-cancellable operating leases as follows:

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Expiring within one year	47	47	40	40
Expiring between two and five years inclusive	189	189	-	-
	<b><u>236</u></b>	<b><u>236</u></b>	<b><u>40</u></b>	<b><u>40</u></b>

A new operating lease was signed with Konica Minolta in April 2023 for 5 years for all print management hardware.

## 18. RELATED PARTY TRANSACTIONS

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

The total expenses paid to or on behalf of the Governors during the year was £303 relating to 2 governors. (2021/22: £335: 4 governors). This represents travel and

subsistence expenses and other out of pocket expenses incurred in attending governor meetings and events in their official capacity.

No governor has received any remuneration, and waived payments of expenses during the year amounted to £610 (2021-22 £996). Following covid, some meetings during the year were hybrid, and some were held remotely.

There were no disclosable related party transactions at the subsidiaries during the year (2021/22 £Nil).

## 19. LEARNER SUPPORT FUND

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	College £'000	Group £'000	College £'000
Education Skills Funding Agency	1,169	1,169	1,122	1,122
Disbursed to Students	(1,116)	(1,116)	(702)	(702)
Administration Costs	(53)	<u>(53)</u>	(53)	<u>(53)</u>
<b>Balance unspent at 31 July, included in creditors</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>367</u></b>	<b><u>367</u></b>

The Learner Support Fund has supported 774 16-18 students (832 in 2021/22) during the year with the costs of travel, meals and enrichment. During the same period support has been provided for 167 19+ students (213 in 2021/22) with childcare, travel, discretionary course fees and enrichments. In addition, 96 Advanced Learner Loan bursary students (77 in 2021/22) received support with childcare and travel costs.

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

## 20. INVESTMENT IN SUBSIDIARY

On 1<sup>st</sup> October 2022 the College became the sole member of North West Training Council, a charity delivering apprenticeship and other skills training in the engineering and allied sectors.

The net impact of this transaction is to increase the net assets of the College Group by £226,000. There was no consideration paid.

	<b>Group £'000</b>
Fixed Assets	3,272
Debtors	694
Cash	161
Creditors < 1 year	(1,495)
Creditors > 1 year	(2,406)
<b>Net assets acquired</b>	<b>226</b>