



REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

1st August 2023 to 31st July 2024

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Reference and Administrative Details

Board of Governors during 2023 - 2024

Ms P Brown
Ms C Musanhu
Ms S O'Connor
Mr P Cherpeau
Mr A Gibbons
Ms R Harding-Quinn
Ms R Hennigan
Mr K Lockhart
Ms A Murphy (Co-opted)
Ms L Redican
Ms B Rice
Mr K Rice
Mr M Robinson
Ms J Simmons
Ms G Sloan
Ms D Stock
Ms K Kirkwood (appointed January 2024)
Prof J Yates

Director of Governance - Anne-Marie Nixon (retired March 2024)
Liam Conway (appointed June 2024)

Principalship Team

Rachael Hennigan - Principal and CEO; Accounting Officer
Tony Cooke – Director of Human Resources
Alexandra Lang – Vice Principal Quality, Learner Services and Human Resources
Matt Larkin - Vice Principal Finance & Corporate Services
Sonia Stirling – Deputy Principal
Nikki Leising – Executive Director of Finance and MIS (appointed January 2024)

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

WBG (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 2024.

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 College 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 College 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 418 full time equivalent staff.

In the past year, the College has invested a total of £1.425m to enhance its estate. This expenditure included the installation of replacement windows in the Port Academy Liverpool building, significantly improving the building's energy efficiency and aesthetic appeal. Additionally, high-quality teaching spaces were created, such as the HE STEM lab and workshop spaces, to support the T Level Engineering and Fabric courses. An important part of this investment was the production of a campus-wide condition survey and master planning document, with results expected in the new year. Furthermore, various projects were undertaken to improve general facilities across the campus and to deploy a campus wide Business Management System (BMS) solution, ensuring a better environment for both students and staff.

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 advancement 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 Self Assessment Report (SAR) 23/24.

Scholarship Programmes

The College has continued with its successful scholarship programmes, working with Peel Ports, Denholm Logistics and HMRC, and is continuing to liaise with other employers to expand this. The scholarship programmes provide students internship work opportunities that supports the development of their interpersonal skills and careers aspirations. Students across a range of subject areas including Engineering, Business Studies, Sefton Sixth Form and Digital participated in the programme which involved a substantive work placement in a role linked to career aspirations, an industry-based mentor and a range of masterclasses aimed at honing the skills and behaviours required in an international logistics organisation.

Local Skills Improvement Fund (LSIF)

The College works in collaboration with the Liverpool City Region Association of Colleges on the LSIF project utilising revenue funding to commission Elevate Education Business Partnership to deliver 10 in-school 'Meet the Professionals' events across the Liverpool City Region with the support and input from employers and professionals working in Construction, Manufacturing, Logistics and Warehousing, Professional Business Services, Health and Life Sciences, and Digital and Creative. The Fund has also supported the development of new curriculum specific to green technology practices across construction in Electrical Energy Storage Systems, Low Carbon Awareness and 'Electrical for Plumbing' and 'Plumbing for Electrical' as well as allowing staff from Hugh Baird to attend CPD. Capital and revenue funding from the LSIF has

allowed for the development of a range of modularised curricula which focusses on skills development at Level 3 including, Renewable Battery Storage, Domestic Energy Assessor for the LCR, Principles and Maintenance for the Photovoltaic Solar Panels, Smart Housing Sensors and Hydrogen Fuel Cells and at Level 4 & 5 in Green Engineering Science and Renewable Energy and Sustainability (with carbon capture). In addition the College worked closely with colleagues at Liverpool City College and the Combined Authority on the development of the Freeport Academy. The proposed Freeport Academy will coordinate training across providers for three key sectors: Logistics, Port & Maritime, and Professional/Administrative Services. It will aim to fill skill gaps, support career pathways, and attract investment to the region. The College will have representation on the Freeport Academy Working Group to take this piece of work forward.

Test and Learn/Multiply

Test and Learn and Multiply funding have allowed the College to develop 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 and money management programmes which aim to support local adults within the context of the cost-of-living crisis and 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 2023/24 of £526k (2022/23 £913k) 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. Group cash at bank is £3,267k (2022/23 £4,259k) with operational performance generating cash for investments in fixed assets in the year and capital grants received in 2022/23 being disbursed in 2023/24.

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

Fixed assets in 2023/24 for the Group fell to £36,281k (2022/23 £37,351k) with the depreciation charge for the year exceeding the purchase of new fixed assets, which included investment 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 2024.

Cash flows and liquidity

The College's cash at bank at the year end was £2,855k (2022/23 £4,038k). Net cash inflow is reported at £1183k in the year (2022/23 £2,936k) with cashflows associated with college fixed asset additions of £1,425k (2022/23 £5,022k).

The College maintains a loan which was taken out to fund capital investments in the L20 building and which stands at £1,445k at the year end (2022/23 £1,720k). 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 2023/24 financial statements, in accordance with the loan agreement.

The Group's cash at bank at the year end was £3,267k (2022/23 £4,259k). Net cash outflow is reported at £992k in the year with group cashflows associated with fixed asset additions of £1,442k (2022/23 £5,027k).

Reserves Policy

The College has adopted a formal reserves policy. The College holds and maintains reserves 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 £17.6m (2022/23 £18.3m) and cash balances £2.9m (2023/23 £4.0m).

Going Concern

After making appropriate enquiries, the Corporation considers that the Group 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 2023/24 is 86.8% for 16–18-year-old learners and 88.6% for adult learners. This is an increase on 2022/23 of 5.7pp and 3.9pp 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% for 2023/24 which is slightly lower than the 72.5% from the previous year. This is linked to low numbers and retention.

Overall Apprenticeship achievement is strong at 69% which is 6.5% above the previous year and higher than national rate.

Attendance

Overall attendance for 2023/24 was 87.1%. This is an increase on previous year of 1.5 percentage points (2022/23 62.5%), showing a four-year improvement trend.

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%. During the accounting period 1 August 2023 to 31 July 2024, the College paid 73% 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 2024/25 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
<p>Failure to deliver high quality teaching and learning to students</p>	<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 & 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>
<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>	<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>
<p>Failure to adequately safeguard all learners</p>	<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
<p>Failure of investment in the physical infrastructure of the College</p>	<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>
<p>Failure of investment in the information technology estate of the College</p>	<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
<p>Failure to attract, recruit and retain a high quality workforce</p>	<p>Robust recruitment and selection process, including safer recruitment practices, which ensure 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>
<p>Failure to comply with funding body regulation and minimum standards</p>	<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>

Key risk	Key mitigations
<p>Failure to protect staff, students and visitors from health and safety hazards throughout the College</p>	<p>Well trained and resourced Health & 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>
<p>Failure to attract and recruit learners to College offerings</p>	<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 year are set out as follows:

UK Greenhouse gas emissions and energy use data for the year	Year ended 31 July 2024	Year ended 31 July 2023
Energy consumption used to calculate emissions (kWh)		
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	723.83	657.64
Owned transport	6.21	5.01
Total	730.04	662.65
Scope 2 emissions in metric tonnes CO2e		
Purchased Electricity	469.58	439.34
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee-owned vehicles	5.18	5.66
Total gross emissions in metric tonnes CO2e	1,204.80	1,107.65
Intensity ratio		
Metric tonnes CO2e per FTE staff member	2.88	2.64

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 CO₂ 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 nine protected characteristics as defined by the Equality Act 2010. Additionally the College's policy also extends inclusivity to individuals who identify as transgender, non-binary and gender fluid, as well as those from diverse socio-economic backgrounds, those with family responsibilities, or those who may experience discrimination based on other relevant distinctions.
- 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 2023. This report was approved at Full Corporation on 27 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 1st 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 1st April 2023 to 31 March 24.

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 year from 1st April 2023 to 31st March 2024 the following applies:

Number of employees who were relevant trade union officials:

Headcount	4
FTE	3.38
Percentage of time spent on facility time	3.8%
Total cost of facility time	£4,589
Total Pay Bill (1st April 2023 to 31 st March 2024)	£13,398,688
Percentage of total pay bill spent on facility time	0.038%
Time spent on paid trade union activities as a percentage of total paid facility time hours	0%

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 11 December 2024 and signed on its behalf by:

Signed by:



DBF0700BB4BD413...

G Sloan
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 1 August 2023 to 31 July 2024 and up to the date of approval of the annual report and financial statements.

GOVERNANCE CODE

The College endeavours to conduct its business:

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

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2024. This opinion is based on an external governance review reported to the board on 26 June 2024. This external review was undertaken by Rockborn, it found several aspects of Hugh Baird governance positive notably its processes, communication and an open governance culture. Further details of the report are detailed under the Corporation Performance header. For the purposes of this section, it is worth noting the following from the review:

- ‘Governors are aware of their statutory roles and responsibilities and comply with all regulatory requirements. The Corporation is fully compliant with the AoC Code of Governance for English Colleges.’

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2023, which it formally adopted on June 26 2024.

The Corporation

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

	Date of Latest Appointment	Current Term of Office	Date of resignation /end of term of office	Status	Committee Served	Attendance 2023/2024
Celia Musanhu	10 October 2023	1 year	End of study June 2024	HE Student Governor	HE Committee	7/8 86%
Shelley O'Connor	8 November 2023	1 year	End of study June 2024	FE Student Governor	Quality & Standards Committee	7/10 70%
Pamela Brown	22 June 2020	4 years First appointed 23/6/2016	22 June 2024	Independent Governor	Audit Committee	6/7 86%
Paul Cherpeau	12 July 2021	4 years		Independent Governor	Quality & Standards	8/10 80%
Andrew Gibbons	30 November 2021	4 years First appointed 1/12/20217		Vice Chair of the Corporation	Vice Chair of the Corporation; Chair of Finance & Resources Committee; Member of Remuneration Committee	12/12 100%
Ruth Harding-Quinn	12 July 2021	4 years		Independent Governor	Audit Committee	7/8 86%
Rachael Hennigan	3 February 2020	N/A		Principal & Chief Executive	Member of Quality & Standards; Higher Education; Finance & Resources & Search & Governance	19/21 90%
Kerry Kirkwood	31 December 2023	4 years (Subject to probationary review at 1 year)		Independent Governor	Quality & Standards	6/6 100%
Keith Lockhart	16 October 2022	4 Years First	Resigned (Ill Health) 10 June 2024	Independent Governor	Chair of Audit Committee; Member of	6/12 50%

		appointed 17 October 2018			Higher education Committee and member of Remuneration Committee	
Andrea Murphy	6 July 2020	4 years		Independent Governor	Quality & Standards Committee	4/5 80%
Lydia Redican	16 October 2022	4 years First appointed 17 October 2018		Independent Governor	Chair of Quality & Standards & member of Remuneration Committee	9/12 75%
Kevin Rice	20 November 2021	4 years First appointed 21 November 2017		Staff Governor (Business Support)	Finance & resources Committee	9/10 90%
Beverley Rice	23 July 2023	1-year Co-Opted Governor	Resigned 15 May 2024	Co-Opted Governor	Audit Committee	0/3 0%
Mark Robinson	22 September 2023	4 years First appointed 23 September 2015 Second term from 22 September 2019	Resigned 27 June 2024	Vice Chair of Corporation	Vice Chair of Corporation; Chair of Remuneration Committee; Chair of Search & governance; Member of Finance & Resources Committee	12/15 80%
Judith Simmons	26 July 2020	4 years First appointed 27 July 2017	End of term 26 July 2024	Independent Governor	Member of Quality & Standards Committee; Member of Search & Governance Committee	11/13 85%
Geraldine Sloan	1 September 2024	1 year First appointed 23 May 2012 and served until 22 May 2016 Formally reappointed 1 September 2017		Chair of Corporation	Chair of Corporation; Member of Finance & Resources Committee; Remuneration Committee & Search & Governance Committee	12/15 80%

		Reappointed 1 September 2020				
		Third term 1 September 2024				
Debbie Stock	18 November 2022	4 years		Staff Governor (Academic)	Member of Quality & Standards	9/11 82%
Joe Yates	19 October 2022	4 years		Independent Governor	Chair of Higher Education Committee & Member of Remuneratio n Committee	9/10 90%

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 2023/24 there were 28 official meetings ¹ 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	%
2023/24	28	156	188	83%
2022/23	34	219	256	86%
2021/22	37	229	255	90%

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

	2023/24	2022/23	2021/22
Governors	84%	88%	92%
Students	78%	47%	59%

¹ This does not include extraordinary meetings called at short notice

Staff	86%	96%	88%
Principal	90%	92%	93%

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

	2023/24	2022/23	2021/22
Corporation <i>(Including Strategic Planning Conference)</i>			
Governors	79%	88%	89%
Students	70%	50%	50%
Staff	80%	100%	81%
Principal	100%	100%	100%
Committees			
Governors	72%	89%	96%
Students	88%	50%	80%
Staff	91%	90%	100%
Principal	88%	88%	89%

Appointments since 31 July 2024

- Kerry Kirkwood was appointed as Vice Chair of Corporation on 13 November 2024
- Lydia Redican was appointed as Vice Chair of Corporation on 13 November 2024
- Chris Lyons was appointed as a Governor on 1 September 2024 on a probationary one-year contract with a view to a four-year term
- Lynsey Unsworth was appointed as a Governor on 1 September 2024 on a probationary one-year contract with a view to a four-year term
- Jas Samra was appointed as a Governor on 1 September 2024 on a probationary one-year contract with a view to a four-year term

- Robin Leatherbarrow was appointed as a Governor on 1 September 2024 on a probationary one-year contract with a view to a four-year term
- Rob Gaskell was appointed as a Governor on 1 September 2024 on a probationary one-year contract with a view to a four-year term
- Alison Stokes was appointed as HE Student Governor on 24 October 2024 for a one-year period.
- Nadia Madajewska was appointed as FE Student Governor on 24 October 2024 for a one-year period.

Re-appointments since 31 July 2024

There have been no re-appointments since 31 July 2024:

Resignations and retirements since 31 July 2024

Debbie Stock resigned as a Staff Governor on 4 November 2024.

Anne-Marie Nixon was the Director of Governance during the year 1 August 2023 to 20 March 2024. Liam Conway was the Director of Governance between 3 June 2024 to 31 July 2024. The College employed an interim governance advisor between the two roles.

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 overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation met five times during the year 2023/2024, in addition there were three extraordinary meetings and a strategic planning day.

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 Finance and Resources Committee, Audit Committee, Quality and Standards Committee, Higher Education Committee, Remuneration Committee and Search and Governance Committee.

Full minutes of all meetings, except those in draft and deemed to be confidential by the Corporation, are available on the College's website (www.hughbaird.ac.uk) or from the Director of Governance at the College's registered address.

Hugh Baird College
Balliol Road
Bootle
L20 7EW

The Director of Governance maintains a register of financial and personal interests of the Governors which is requested and where required updated annually. The registers are available for review via contact with the Director of Governance.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis to Governors on relevant matters and updates. The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

During 2023/2024 the Corporation and its committees held scheduled meetings on a hybrid basis with some meetings being fully online. All Corporation and committee meetings were quorate, and all papers were sent out electronically within the 7-day rule; found in the Instruments and Articles. Members and managers have been trained in the use of Microsoft Teams to facilitate online meetings. No issues have been raised with the mixed approach, attendance and engagement remains high.

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has 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 sessions for 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 2023/2024 there was one Governor serving an exceptional third term, however, this Governor has since resigned from the Corporation. The Chair agreed to serve an additional one-year term following the end of their second term 31 August 2024 this was to support the Corporation as it transitions with several Governors leaving the Corporation. Since 31 July 2024, seven new Governors have been appointed, five starting from September 2024 and two from January 2025. The Corporation is at present working towards filling the vacant Vice Chair position and appointing a new Chair from September 2025.

Corporation performance

An external governance review was undertaken by Rockborn of Hugh Baird College during 2023/2024, beginning in October 2023 with the report presented to the Strategic Planning Day on 26 January. The review and subsequent report were positive with no major issues identified. Highlights from the report are included below:

- There is a strong governance culture of appropriate support and constructive challenge based on positive relationships, transparency, trust, mutual understanding and respect
- The Corporation and Audit Committee have strong oversight of risk
- There are rigorous and effective governance processes, which are managed by the Director of Governance and supported by the Chair and Principal and CEO
- The broad and diverse set of skills and knowledge on the Corporation enable a range of perspectives to be applied to oversight, support, challenge and decision making

No major compliance or statutory issues were raised from the review, and it was reported:

- ‘Governors are aware of their statutory roles and responsibilities and comply with all regulatory requirements. The Corporation is fully compliant with the AoC Code of Governance for English Colleges.’

The review made several recommendations for development and enhancement. These varied from operational issues, examples include the addition of new documents to meeting packs and updates to agendas to more broader reviews of skills audits and enhancements to self-assessments. The review noted the transition period the board was undergoing with several Governors coming to the end of their terms and the retirement of the Director of Governance. Succession planning has formed a core part of governance work during 2023/2024 with the majority of vacant roles now filled.

An action plan was developed regarding the recommendations and reports to the Search and Governance committee at each meeting. Governance self-assessment was

paused during the external review and following the recommendations made is set for updates to be implemented during 2024/2025.

The report is available via the College website governance page portal where documents are uploaded.

Governor training during 2023/2024

Audit Committee

- Understanding Financial Statements and Regularity Audit

Finance and Resources Committee

- Understanding Consolidated Accounts
- Understanding Capital Funding
- Business Planning 2024/2025

Quality and Standards Committee

- Ofsted Update

Full Corporation

- Managing Key Risks
- Self-Assessment Process

Strategic Planning Day

- Eduscrum interactive
- Learning Walks

Two Governors completed the Governance Development Programme: P8a: Culture, people and organisational development. A Staff Governor attended the ETF Staff Governor Conference 7 December.

All new Governors are provided with induction training sessions with the Director of Governance.

The Corporation considered the DfE guidance on external board reviews and commissioned an external review to commence from October 2023.

Remuneration Committee

Throughout the year ending 31 July 2024 the College's Remuneration Committee comprised the Chair's of the Corporations committees. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

The College has adopted the AoC's Senior Remuneration Code with effect from September 2019 and complies with its requirements. The Corporations policy statement for 2023/2024 was reviewed at its Remuneration Committee 23 November 2023 with no changes made.

The statement is included below for reference.

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 taken into account 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
- Pay awards given to the wider College staff (on the basis that the annual award for senior postholders shall not normally exceed that offered to College staff)
- 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 are 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 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 2 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.

Where external income is derived from non-sector based external activities, all senior postholders will be required to declare this interest upon appointment to the College or at the time of external approach (if already employed) and obtain in advance the written approval of the Corporation engaged in the activity and retain income earned. Such activity, where approved, must be undertaken in the individual's own time and it is the individual's responsibility to declare income received to the appropriate agencies in order for the individual to retain the income.

In the event of a senior postholder being employed on a part-time or consultancy basis and wishing to engage in other paid employment, the advance approval of the Corporation is required, in addition to the interest being declared in accordance with the Corporation's declaration of interest's procedure.

The Remuneration Committee met twice during 2023/2024 23 November 2023 and 9 May 2024 making recommendations on Senior Pay for approval to the Full Corporation.

The College's key strategic objectives are detailed in the key strategic priorities developed for 2023/2024 and senior post holder targets were aligned to the key strategic priorities.

The Corporation's designated senior postholders for 2023/2024 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 (Retired March 2024)
- Liam Conway – Director of Governance (appointed June 2024)

Principal and Chief Executive's Earnings for 2023/24

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 of period time is stated as:

	2024	2023	2022
Principal's basic salary as a multiple of the median of all staff	4.89	4.95	5.36
Principal and CEO's total remuneration as a multiple of the median of all staff	5.13	5.22	5.64

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 2023/24 are detailed in note 18.

Details of remuneration for the year ended 31 July 2024 are set out in note 18 to the financial statements.

Audit Committee

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) and a co-optee. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets three times a year and provides a forum for reporting by the College's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

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

The audit committee met three times in the year to 31 July 2024. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended
Mr K Lockhart	2
Ms P Brown	3
Ms R Harding-Quinn	3
Ms B Rice (Co-Opted) *	0

*Ms B Rice resigned from the Corporation in May 2024.

Search and Governance Committee

During 2023/2024 Search and Governance Committee met three times and fulfilled its terms of reference in relation to advising the Corporation on all matters relating to its composition and the development best practice. Minutes of all meetings (excluding confidential discussions with applicants) are available on the College website. During 2023/2024 the Committee advised the Corporation on targeted recruitment, recommended processes for appointments, reviewed role descriptions and overall Corporation governance performance.

Finance and Resources Committee

During 2023/2024 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 focused on the efficient and effective use of resources, the solvency of the institution and the progress of the 2023/2024 budget. Consideration was also given to draft estimates of income and expenditure for 2024/2025 before being approved by the Corporation 26 June 2024.

Quality and Standards Committee

The Quality and Standards Committee met five times during 2023/2024 and has terms of reference approved by the Corporation. The Committee agrees an annual schedule of business at its first meeting each academic year. In 2023/2024 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. In

addition to the Committees' scrutiny of the College-wide self-assessment report before the final report is submitted for Board approval in December.

Higher Education Committee

The HE Committee met three times during 2023/2024 with one extraordinary meeting, it has terms of reference approved by the Corporation. The Committee agrees an annual schedule of business at its first meeting each academic year. The Committee receives regular reports on financial sustainability and detailed reports relating to HE strategy, student experience, standards and OfS compliance and risks.

Internal control

The Corporation is ultimately responsible for the Colleges 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 2024 and up to the date of approval of the annual report and accounts.

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 2024 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.

The College has 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 a report on internal audit activity in the College, includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

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 use of resources. There have been no significant control weaknesses or failures identified in the year.

Responsibilities under accountability agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the College on 29 November 2022 on the day that the Office for National Statistics reclassified Colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all College accounting officers and explained plans to introduce a College financial handbook in 2024. The College has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the audit committee

The audit committee has advised the board of Governors that the Corporation has an effective framework for governance, risk management and internal in place. This opinion is supported by the 2023/2024 annual report of the internal audit partner RSM UK Risk Assurance Services LLP.

The specific areas of work undertaken by the audit committee in 2023/2024 and up to the date of the approval of the financial statements are:

- Estates Management
- Payroll
- Higher Education – Access and Participation Framework
- Follow – up
- Funding Assurance Review (16-19 Study Programmes)

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 Estates Management, Payroll and Higher Education resulted in reasonable assurances, the Funding Assurance Review was advisory only. The Follow Up audit resulted in reasonable progress being made. RSM's Governance opinion has been informed by several assignments that have considered the College's governance arrangements, specifically the Higher Education APP framework review as well as attendance at the Audit Committee. RSM's Risk Management opinion has been informed by our risk based approach to individual assignments (such as Estate Management and Funding Assurance Review) as well as attendance at the Audit Committee.

The internal audit service opinions from all audits have been used in forming the Committees opinion on the adequacy and effectiveness of the Colleges 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 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 their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2024 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

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 11 December 2024 and signed on its behalf by:

Signed by:

DBF0700BB4BD413...
Geraldine Sloan
Chair

Signed by:

E05D39CA57A642F...
Rachael Hennigan
Accounting Officer

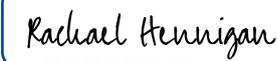
Statement of Regularity, Propriety and Compliance

As accounting officer I confirm that the Corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify DfE 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.

Signed by:



E05D39CA57A642F...

R Hennigan
Accounting Officer
Principal and Chief Executive

Date: 11/12/24

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.

Signed by:



DBF0700BB4BD413...

G Sloan
Chair of Governors

Date: 11/12/24

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 11 December 2024 and signed on its behalf by:

Signed on behalf of the Corporation

Signed by:

DBF0700BB4BD413...

G Sloan
Chair of the Corporation

Independent Auditors Report on the Financial Statements

Opinion

We have audited the financial statements of Hugh Baird College (the parent 'College') and its subsidiary companies (the 'Group') for the year ended 31 July 2024 which comprise the Consolidated Statement of Comprehensive Income, the Statement of Changes in Reserves, the Group and College Balance Sheets, the Statement 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 College's affairs as at 31 July 2024, and of its 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

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 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 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 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 2023 to 2024;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students; and
- Compliance with the requirements of the Office for Standards in Education

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 2023 to 2024.

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 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; and

- evaluating rationale of any significant transactions that are unusual or outside the normal course of business. In testing these journals we looked at the following areas:
 - o Wages & Salaries
 - o Petty Cash
 - o Deferred Capital Grants
 - o Accruals
 - o Expenditure
 - o Prepayments

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. 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.

Signed by:
WBG (Audit) Limited
0575527041FA406...

WBG (Audit) Limited
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 11 December 2024

Independent 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 7th November 2024 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Hugh Baird College during the period 1 August 2023 to 31 July 2024 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of 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 2023 to 31 July 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by 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 2023 to 31 July 2024 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.

Signed by:

0575527041FA406...
WBG (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Date: 11 December 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE PERIOD FROM 1 AUGUST 2023 TO 31 JULY 2024

	Notes	Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
<u>Income</u>					
Funding body grants	2	23,979	22,108	22,362	20,898
Tuition fees and education contracts	3	4,825	3,801	6,195	4,955
Other income	4	1,336	1,112	1,182	819
Investment income	5	104	104	2	2
Investment in Subsidiary		0	0	226	0
Total Income		<u>30,244</u>	<u>27,125</u>	<u>29,967</u>	<u>26,674</u>
<u>Expenditure</u>					
Staff costs	6	18,882	17,574	18,552	17,195
Other operating expenses	7	9,281	7,747	9,652	8,472
Interest payable	8	94	68	213	193
Depreciation	9	2,512	2,143	2,468	2,145
Total expenditure		<u>30,770</u>	<u>27,532</u>	<u>30,885</u>	<u>28,005</u>
Deficit before gains and losses		(526)	(407)	(918)	(1,332)
Deficit before tax		(526)	(407)	(918)	(1,332)
Taxation		0	0	5	0
Deficit for the year		(526)	(407)	(913)	(1,332)
Actuarial gain in respect of pension schemes	15	(383)	(309)	4,071	4,071
Total Comprehensive Income for the year		(909)	(716)	3,157	2,739

STATEMENT OF CHANGES IN RESERVES (GROUP AND COLLEGE)

GROUP

	Notes	Income and expenditure account	Revaluation reserve	Total
		£'000	£'000	£'000
<u>Balance at 1st August 2022</u>		<u>14,729</u>	<u>1,054</u>	<u>15,783</u>
Prior year adjustment	20	(170)	0	(170)
Deficit from the income and expenditure account		(914)	0	(914)
Other comprehensive income		4,071	0	4,071
Transfers between revaluation and income and expenditure reserves		59	(59)	0
Total comprehensive income for the year		3,216	(59)	3,157
<u>Restated Balance at 31st July 2023</u>		<u>17,775</u>	<u>995</u>	<u>18,771</u>
Deficit from the income and expenditure account		(526)	0	(526)
Other comprehensive income		(383)	0	(383)
Transfers between revaluation and income and expenditure reserves		59	(59)	0
Total comprehensive income for the year		(850)	(59)	(909)
<u>Balance at 31st July 2024</u>		<u>16,925</u>	<u>936</u>	<u>17,861</u>

STATEMENT OF CHANGES IN RESERVES COLLEGE

	Notes	Income and expenditure account	Revaluation reserve	Total
		£'000	£'000	£'000
<u>Balance at 1st August 2022</u>		<u>14,729</u>	<u>1,054</u>	<u>15,783</u>
Prior year adjustment	20	(170)	0	(170)
Deficit from the income and expenditure account		(1,332)(914)	0	0 (1,332)(914)
Other comprehensive income		4,071	0	4,071
Transfers between revaluation and income and expenditure reserves		59	(59)	0
Total comprehensive income for the year		2,798	(59)	2,739
<u>Restated Balance at 31st July 2023</u>		<u>17,357</u>	<u>995</u>	<u>18,352</u>
Deficit from the income and expenditure account		(407)	0	(407)
Other comprehensive expenditure		(309)	0	(309)
Transfers between revaluation and income and expenditure reserves		59	(59)	0
Total comprehensive income for the year		(657)	(59)	(716)
<u>Balance at 31st July 2024</u>		<u>16,700</u>	<u>936</u>	<u>17,636</u>

Consolidated And College Balance Sheet

BALANCE SHEET AS AT 31 JULY 2024

	Notes	Year ended 31 July 2024		Year ended 31 July 2023 as restated	
		Group £'000	College £'000	Group £'000	College £'000
<u>Fixed assets</u>					
Tangible assets	9	36,281	33,680	37,351	34,398
<u>Current assets</u>					
Debtors	10	2,136	1,497	1,882	1,201
Cash at bank and in hand	14	<u>3,267</u>	<u>2,855</u>	<u>4,259</u>	<u>4,038</u>
Total current assets		5,403	4,352	6,141	5,239
Creditors: amounts falling due within one year	11	<u>(5,942)</u>	<u>(5,038)</u>	<u>(5,997)</u>	<u>(4,930)</u>
Total net current (liabilities)/assets		<u>(538)</u>	<u>(686)</u>	<u>144</u>	<u>309</u>
Total assets less current liabilities		<u>35,742</u>	<u>32,994</u>	<u>37,495</u>	<u>34,707</u>
Creditors: amounts falling due after more than one year	12	(17,882)	(15,358)	(18,723)	(16,354)
Net assets excluding pension liability		17,861	17,636	18,771	18,353
Net pension liability	15	0	0	0	0
Net assets including pension liability		<u>17,861</u>	<u>17,636</u>	<u>18,771</u>	<u>18,353</u>
<u>Reserves</u>					
Revaluation reserve		936	936	995	995
Income & expenditure account		16,925	16,700	17,776	17,358
Pension reserve		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total		<u>17,861</u>	<u>17,636</u>	<u>18,771</u>	<u>18,353</u>

The financial statements on pages 51 to 83 were approved by the Corporation on 11th December 2024 and were signed on its behalf by:

Signed by:

DBF0700BB4BD413...
 G Sloan
 Chair of the Corporation

Signed by:

E05D39CA57A642F...
 R Hennigan
 Principal and Chief Executive

STATEMENT OF CONSOLIDATED CASHFLOWS

FOR THE PERIOD FROM 1 AUGUST 2023 TO 31 JULY 2024

		Year ended 31 July 2024		Year ended 31 July 2023	
		Group £'000	College £'000	Group £'000	College £'000
Cash flows from operating activities:					
Deficit for the year		(526)	(407)	(914)	(1,332)
Adjustment for non-cash items					
Depreciation	9	2,512	2,145	2,468	2,145
Increase in debtors	10	(255)	(296)	(417)	(432)
(Decrease)/Increase in creditors due within one year	11	(55)	108	(135)	153
(Decrease)/Increase in creditors due after one year	12	(1,155)	(1,301)	1,420	1,516
Pensions costs less contributions payable	15	183	183	139	183
Taxation		0	0	(5)	0
Adjustment for investing or financing activities					
Investment income	5	(104)	(104)	(2)	(2)
Interest payable	8	94	68	213	193
Net cash flow from operating activities		<u>(694)</u>	<u>396</u>	<u>2,777</u>	<u>2,425</u>
Cash flows from investing activities					
Investment income	5	104	104	2	2
Acquisition of Subsidiary, net of cash acquired		0	0	(5)	
Payments to acquire fixed assets	9	(1,442)	(1,425)	(5,027)	(5,022)
		<u>(1,338)</u>	<u>(1,321)</u>	<u>(5,029)</u>	<u>(5,020)</u>
Cash flows from financing activities					
Interest paid	8	(9)	17	(99)	(79)
Repayments of amounts borrowed	11,12	(339)	(275)	(354)	(263)
		<u>(348)</u>	<u>(258)</u>	<u>(453)</u>	<u>(342)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(992)</u>	<u>(1,183)</u>	<u>(2,706)</u>	<u>(2,936)</u>
Cash and cash equivalents at the beginning of the year		4,259	4,038	6,974	6,974
Cash and cash equivalents at the end of the year		<u>3,267</u>	<u>2,855</u>	<u>4,268</u>	<u>4,038</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1ST AUGUST 2023 TO 31ST JULY 2024

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 2023/2024 and in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the management to exercise judgement in applying the Group and 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 2024.

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 £1,445,000 of loans outstanding with bankers on terms negotiated in 2013. The terms of the existing agreement are for up to another five 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.

b) 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 a result of a past event
- It is probable that a transfer of economic benefit will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

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

A contingent liability arises from a past event that gives the 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 defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for 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 2023 to value the pensions liability at 31 July 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. FUNDING BODY GRANTS

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
ESFA Recurrent Grant (16-18)	13,231	13,231	12,188	12,188
ESFA/LCR Recurrent Grant (Adults)	3,373	3,373	3,294	3,294
ESFA Apprentices	4,645	2,774	3,695	2,501
ESFA 14 – 16 Funding	0	0	567	567
ESFA Pupil Premium	0	0	30	30
Release of deferred capital grants	1,157	1,157	836	836
ESFA PCDL	116	116	115	115
ESFA Thornton LLDD	627	627	605	605
WEX Capital Funding	42	42	150	150
Teachers Pension	788	788	611	611
Digital Grant				-
	<u>23,979</u>	<u>22,108</u>	<u>22,362</u>	<u>20,898</u>

3. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
UK Further Education Students	947	36	1,164	37
UK Higher Education Students	2,843	2,730	3,240	3,127
OFS Income	297	297	315	315
	<u>4,087</u>	<u>3,063</u>	<u>4,718</u>	<u>3,478</u>
LEA	101	101	185	185
Youth Training	0	0	4	4
Advanced Learner Loans	94	94	683	683
Thornton – Sefton MBC	544	544	603	603
	<u>4,825</u>	<u>3,801</u>	<u>6,195</u>	<u>4,955</u>

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

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Grant income from the Office for Students	297	297	315	315
Fee income for taught awards	2,730	2,730	3,127	3,127
	<u>3,027</u>	<u>3,027</u>	<u>3,442</u>	<u>3,442</u>

4. OTHER INCOME

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Sales and other income	<u>1,336</u>	<u>1,112</u>	<u>1,182</u>	<u>819</u>

5. INVESTMENT INCOME

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Interest receivable	<u>104</u>	<u>104</u>	<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:

	2024 Numbers		2023 Numbers	
	Group	College	Group	College
Teaching Staff	219	203	225	209
Non-Teaching Staff	242	215	237	210
	<u>461</u>	<u>418</u>	<u>462</u>	<u>419</u>

	2024		2023	
	Group £'000	College £'000	Group £'000	College £'000
Staff costs for the above persons:-				
Wages and Salaries	14,796	13,487	14,168	12,988
Social Security Costs	1,333	1,333	1,383	1,293
Other Pension Costs	2,753	2,753	3,002	2,914
Total Staff Costs	<u>18,882</u>	<u>17,574</u>	<u>18,552</u>	<u>17,195</u>

The College/College group paid 3 severance payments in the year, disclosed in the following bands:

£0-£25,000	3
£25,001-£50,000	0
£50,001-£100,000	0
£150,000+	0

Included in staff restructuring costs are special severance payments totalling £35,407 (2022/23: £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 2024		Year ended 31 July 2023	
			Group	College	Group	College
£60,001	-	£65,000	6(0)	5(0)	4(0)	4(0)
£65,501	-	£70,000	0(0)	0(0)	0(0)	0(0)
£70,001	-	£75,000	2(0)	2(0)	1(0)	1(0)
£80,001	-	£85,000	0(0)	0(0)	0(0)	0(0)
£85,001	-	£90,000	3(2)	2(1)	1(1)	1(1)
£90,001	-	£95,000	0(0)	0(0)	0(0)	0(0)
£95,001	-	£100,000	0(0)	0(0)	1(1)	1(1)
£100,001	-	£105,000	1(1)	1(1)	0(0)	0(0)
£145,001	-	£150,000	<u>1(1)</u>	<u>1(1)</u>	<u>1(1)</u>	<u>1(1)</u>
			<u>13</u>	<u>11</u>	<u>8</u>	<u>8</u>

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 2024		Year ended 31 July 2023	
	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	392,095	392,095	379,127	379,127
Benefits in kind	0	0	0	0
Pension contributions	<u>141,473</u>	<u>141,473</u>	<u>133,977</u>	<u>133,977</u>
	<u>533,568</u>	<u>533,568</u>	<u>513,103</u>	<u>513,103</u>

The above emoluments include amounts payable to the Principal and Chief Executive (who is the highest paid senior post holder) of: £147,018

	2024	2023
	£	£
Salary	147,018	137,932
Benefits in Kind	0	0
Pension Contributions	56,412	51,326
Total emoluments	203,430	189,257

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 College's overall objectives using both qualitative and quantitative measures of performance.

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

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Principal's and CEO's basic salary as a multiple of the median of all staff	4.89	4.89	4.95	4.95
Principal and CEO's total remuneration as a multiple of the median of all staff	5.13	5.13	5.22	5.22

7. OTHER OPERATING EXPENSES

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Teaching Costs	2,948	2,475	2,996	2,659
Non-Teaching Costs	3,698	2,899	4,022	3,442
Premises Costs	2,636	2,373	2,634	2,371
	<u>9,281</u>	<u>7,747</u>	<u>9,652</u>	<u>8,472</u>

Other operating expenses include:

Auditor's remuneration				
- external audit	62	26	60	24
- external audit (non-audit services)	7	-	7	-
- internal audit	35	35	28	28
Hire of plant and machinery:				
- operating leases	275	54	261	40

Access and Participation Spending (HE)

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Access Investment	434	434	461	461
Financial Support to Students	39	39	39	39
Disability Support	20	24	24	24
Research and Evaluation	10	10	10	10
	<u>502</u>	<u>502</u>	<u>534</u>	<u>534</u>

8. INTEREST PAYABLE

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Pension finance costs (note 15)	0	0	114	114
Interest Cost on Bank Loan	94	68	99	79
Total	94	68	213	193

During the period, loan interest of £67,281 (2023/24 £79,141) 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
Cost or valuation			
At 1 August 2023	51,496	21,186	72,683
Additions	725	717	1,442
At 31 July 2024	52,221	21,903	74,124
Depreciation			
At 1 August 2023	18,152	17,179	35,331
Depreciation Charge	1,471	1,041	2,512
At 31 July 2024	19,624	18,220	37,884
Net book value at 31 July 2024	32,598	3,683	36,281
Net book value at 31 July 2023	33,344	4,007	37,351

TANGIBLE FIXED ASSETS (College)

	Freehold Land and Buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2023	48,814	18,922	67,736
Additions	725	700	1,425
Disposals	-	-	-
At 31 July 2024	49,539	19,622	69,161
Depreciation			-
At 1 August 2023	17,395	15,943	33,338
Depreciation Charge	1,289	853	2,143
Disposals	-	-	-
At 31 July 2024	18,684	16,796	35,481
Net book value at 31 July 2024	30,854	2,826	33,680
Net book value at 31 July 2023	31,419	2,979	34,398

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.

10. TRADE AND OTHER RECEIVABLES

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year				
Trade receivables (net of bad debts provision)	355	119	599	206
Prepayments and accrued income	1,781	1,377	1,282	995
	<u>2,136</u>	<u>1,497</u>	<u>1,881</u>	<u>1,201</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 July 2024		Year ended 31 July 2023 as restated	
	Group £'000	College £'000	Group £'000	College £'000
Payments on account	1,136	1,128	1,140	1,066
Trade creditors	1,687	1,354	1,273	989
Taxation and social security	288	288	325	291
Accruals	1,110	857	1,804	1,473
Deferred income – government capital grants	1,402	1,157	1,044	836
Deferred income – government revenue grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	5,624	4,785	5,586	4,655
Bank Loans	318	253	332	275
Obligations under finance leases	0	0	78	0
Creditors falling due within one year	<u>5,942</u>	<u>5,038</u>	<u>5,996</u>	<u>4,930</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Deferred income – government capital grants	16,598	14,164	17,141	14,909
Bank Loans	1,264	1,192	1,505	1,445
Obligations under finance leases	0	0	77	0
Creditors falling due after more than one year	<u>17,862</u>	<u>15,356</u>	<u>18,723</u>	<u>16,354</u>

13. MATURITY OF DEBT

Bank loans are repayable as follows:	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	340	286	332	275
Between one and two years	299	299	286	286
Between two and five years	942	860	995	935
In five or more years	<u>-</u>	<u>-</u>	<u>224</u>	<u>224</u>
	<u>1,581</u>	<u>1,445</u>	<u>1,837</u>	<u>1,720</u>

14. CASH AND CASH EQUIVALENTS

	At 01 August 2023		Cashflows		Year ended 31 July 2024	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Cash and cash equivalents	<u>4,259</u>	<u>4,038</u>	<u>(992)</u>	<u>(1,183)</u>	<u>3,267</u>	<u>2,855</u>

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	2024	2023
	£'000	£'000
Teachers' Pension Scheme: Contributions paid	1,900	1,681
Merseyside Pension Scheme: Contributions paid	1,063	907
FRS 102 (28) charge	-	160
Total Pension Cost for the year within staff costs	2,963	2,748

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 £2,548,000 (2023 £2,302,000).

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 2024 was £1,380,000, of which employer's contributions totalled £1,063,000 and employees' contributions totalled £317,000. 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 2024 by a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
Rate of increase in salaries	4.1%	4.2%
Rate of increase in pensions	2.7%	2.8%
Discount rate for scheme liabilities	4.9%	5.1%
Inflation Assumption (CPI)	2.6%	2.7%

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

	At 31 July 2024	At 31 July 2023
<i>Retiring Today</i>	<i>Years</i>	<i>Years</i>
Males	20.8	20.8
Females	23.4	23.3
<i>Retiring in 20 years</i>	<i>Years</i>	<i>Years</i>
Males	22.0	22.1
Females	25.1	25.1

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

	2024		2023	
	Long Term rate of Return expected at 31.7.24	Fair Value at 31.7.24 £'000	Long Term rate of Return expected at 31.7.23	Fair Value at 31.7.23 £'000
Equities	41.1%	11,899	45.5%	12,125
Government Bonds	17.5%	5,066	13.2%	3,517
Other Bonds	6.0%	1,737	4.1%	1,092
Property	8.7%	2,519	10.5%	2,798
Cash/Liquidity	5.5%	1,592	2.7%	719
Other	21.2%	6,138	24.0%	6,395
Total Market Value of assets		28,951		26,646
Present value of scheme liabilities		(27,394)		(25,525)
Surplus (Deficit) in the scheme		1,557		1,121

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

	2024 £'000	2023 £'000
Fair value of plan assets	28,951	26,646
Present value of plan liabilities	(27,394)	(25,525)
Curtailment of pension surplus	(1,557)	(1,121)
Net pensions asset (liability)	-	-

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:

	2024 £'000	2023 £'000
Current Service Cost	814	1,208

Amounts included in Interest Payable:

	2024 £'000	2023 £'000
Net interest income	(85)	114

Amounts recognised in Other Comprehensive Income

	2024 £'000	2023 £'000
Return on pension plan assets	421	(2,789)
Changes in assumptions underlying the present value of plan liabilities	(297)	7,981
Curtailment of pension surplus	(433)	(1,121)
Amount recognised in Other Comprehensive Income	(309)	4,071

Movement in net defined benefit liability during the year

	2024	2023
	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	-	(3,774)
Movement in year:		
Current service cost	(814)	(1,208)
Employer contributions	1,063	1,048
Net interest/return on assets	85	(114)
Administration Cost	(25)	(23)
Past Service Cost	0	0
Curtailments	0	0
Actuarial (loss)/Gain	(309)	4,071
Surplus (deficit) in scheme at 31 July	-	-

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2024	2023
	£'000	£'000
Defined benefit obligations at start of period	25,525	31,649
	814	1,208
Current service cost	1,288	1,100
Interest cost	317	279
Member contributions	0	0
Past service cost	0	0
Curtailments	297	(7,981)
Remeasurements (liabilities)	(844)	(730)
Estimated benefits paid		
Net benefit obligation at end of period	27,397	25,525

Change in fair value of plan assets

	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	25,525	27,875
Interest on plan assets	1,373	986
Remeasurements (assets)	421	(2,789)
Employer contributions	1,063	1,048
Member contributions	317	279
Benefits paid	(844)	(730)
Administration Expenses	(25)	(23)
Curtailment of pension surplus	(433)	(1,121)
Fair value of plan assets at end of period	27,397	25,525

Retirement Benefit schemes – NWTC Group and Charity

Defined benefit schemes

North West Training Council (the Council) administers a defined benefit pension scheme, the North West Training Council Pension Scheme (the Scheme), which provides retirement, service exit, or death benefits based on final salary and length of service. These disclosures exclude defined contribution plans and AVC-related investments.

Under the Pensions Act 2004, the Scheme must meet the Statutory Funding Objective, with valuations conducted at least every three years to assess funding adequacy. The Council and Scheme Trustees must agree on contribution levels to maintain funding.

The most recent comprehensive actuarial valuation was carried out in as at 31 July 2022 and the next valuation of the scheme is due at 31 July 2025. If the deficit is larger than anticipated, the Council may need to increase contributions, conversely if the position is better than expected, contributions may be reduced. The Council anticipates paying £35,000 in contributions by 31 July 2025.

The Scheme is managed by a Trustee Board, partially appointed by the Council and partially elected by members. Trustees oversee fund valuation, benefits payments, and asset investments, delegating specific tasks to professional advisors as needed. No amendments, curtailments, or settlements were planned during this period.

Risk mitigation:

- **Investment risk:** The Scheme holds investments in asset classes which have volatile market values and although these are expected to provide 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 assets and liabilities may not move in the same way.

- **Inflation risk:** Some Scheme benefits are inflation-linked. Although assets are expected to hedge inflation long-term, short-term fluctuations may cause deficits.
- **Mortality risk:** Longer-than-expected member lifespans could create deficits.

Defined benefit obligation profile:

- Weighted average obligation duration: 8 years.

The financial disclosures for the period ending 31 July 2024 are rounded to the nearest £1,000, under FRS102.

Principal actuarial assumptions

	2024	2023
Discount rate	4.80%	5.25%
Inflation rate (RPI)	3.45%	3.40%
Inflation rate (CPI)	2.80%	2.90%
Pension increase (RPI max 5% pa)	3.35%	3.30%

Mortality - For 2024 & 2023 100% S3PA tables, CMI 2023/2022 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 2024 & 2023 75% males, 70% females. GMP equalization allowance - For both 2024 & 2023 1.2% of Scheme liabilities.

Asset split

	Bid Values	
	2024	2023
	£'000	£'000
Equities	1,529	1,467
Bonds	4,422	4,343
Cash	15	79
	<u>5,966</u>	<u>5,889</u>

Amounts recognised in the profit and loss account

	2024	2023
	£'000	£'000
Past service costs		
Interest on liabilities	257	200
Restriction on net interest income curtailment	0	0
Interest on assets	(297)	(211)
Total costs/(income)	<u>(40)</u>	<u>(11)</u>

Amounts recognised in other gains and losses

	2024	2023
	£'000	£'000
Losses/(gain) from changes in financial assumptions	176	(928)
Losses/(gain) from changes in demographic assumptions	(12)	(126)
Losses/(gain) on assets in excess of interest	(256)	395
Experience losses/(gain) on liabilities	(6)	271
Total remeasurements	<u>(98)</u>	<u>(388)</u>

Amounts recognised in Balance sheet	2024 £'000	2023 £'000
Present value of funded obligations	(5,060)	(5,155)
Fair value of assets	5,966	5,889
Surplus in scheme	906	734
Curtailment of pension assets	(906)	(734)
Total asset recognised	<u>0</u>	<u>0</u>

Movements in present value of defined benefit obligations	2024 £'000	2023 £'000
Liabilities 1 August	5,155	6,220
Benefits paid	(510)	(482)
Experience gain/(loss) on liabilities	(6)	271
Changes to financial assumptions	176	(928)
Interest on liabilities	257	200
Changes to demographic assumptions	(12)	(126)
Liabilities at 31 July	<u>5,060</u>	<u>5,155</u>

Movements in fair value of plan assets	2024	2023
	£'000	£'000
Fair value of assets 1 August	5,889	6,522
Interest on assets	297	211
Return on plan assets less interest	256	(395)
Benefits paid	(510)	(482)
Employer contributions	34	33
Fair value of assets 31 July	<u>5,966</u>	<u>5,889</u>
Actual return on assets	<u>533</u>	<u>(184)</u>
Projected Profit and loss for next year	2024	2023
	£'000	£'000
Interest on liabilities	231	258
Interest on assets	(274)	(298)
Total	<u>(43)</u>	<u>(40)</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 assumed 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 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Orders raised for the College Capital Programme 2023/24	349	349	460	460
	<u>349</u>	<u>349</u>	<u>460</u>	<u>460</u>

17. FINANCIAL COMMITMENTS

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

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Expiring within one year	50	50	47	47
Expiring between two and five years inclusive	201	201	189	189
	<u>251</u>	<u>251</u>	<u>236</u>	<u>236</u>

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 £13 relating to 2 Governors (2022/23: £303: 2 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 £817 (2022-23 £610). 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 (2022/23 £Nil).

19. LEARNER SUPPORT FUND

	Year ended 31 July 2024		Year ended 31 July 2023	
	Group £'000	College £'000	Group £'000	College £'000
Education Skills Funding Agency	1,138	1,138	1,169	1,169
Disbursed to Students	(1,192)	(1,192)	(1,116)	(1,116)
Administration Costs	<u>(54)</u>	<u>(54)</u>	<u>(53)</u>	<u>(53)</u>
Balance unspent at 31 July, included in creditors	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Learner Support Fund has supported 852 16-18 students (774 in 2022/23) during the year with the costs of travel, meals and enrichment. During the same period support has been provided for 189 19+ students (167 in 2022/23) with childcare, travel, discretionary course fees and enrichments. In addition, 32 Advanced Learner Loan bursary students (96 in 2022/23) 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. Prior Year adjustment

A prior year adjustment was required for an additional charge being received during the year, relating to gas usage in 2021/22. The additional charge arose due to the following circumstances:

Change of Gas Supplier:

During the transition to a new gas supplier in 23-24, the under recording of gas supply in 21/22 due to a faulty meter was estimated by British Gas and invoiced in 23-24.

Impact:

- The revised bill reflects the corrected usage based on an estimated adjustment by the supplier. The additional charge totalled £170k.
- As this relates to the prior year (21/22), the expense has been allocated against the 21/22 general reserve, reducing the brought forward at the start of 22/23 by £170k.

