



LEICESTER COLLEGE

Annual Report and Financial Statements

for the year ended 31 July 2023

LEICESTER COLLEGE

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key Management Personnel

Key Management Personnel are defined as members of the College's Executive Leadership Team and were represented by the following in 2022/23:

Verity Hancock: Principal and CEO; Accounting Officer
Shabir Ismail: Deputy Principal and CEO
Kully Sandhu: Vice Principal, HE, Adult and Community
Deborah Donnarumma: Vice Principal, 14-19, Employer Engagement
Della Sewell: Director of Human Resources
Louise Hazel: Director of Governance and Policy

Board of Governors

A full list of Governors is given on pages 20 to 22 of these financial statements.

Louise Hazel acted as Company Secretary and Clerk to the Corporation throughout the period.

Professional Advisors

Financial Statements Auditors and Reporting Accountants:

KPMG LLP
One Snowhill
Snowhill Queensway
BIRMINGHAM
B4 6GH

Internal Auditors:

RSM
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

Bankers:

Santander
Bootle
Merseyside
L30 4GB

Solicitors:

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

REPORT AND FINANCIAL STATEMENTS

For year ended 31 July 2023

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LEICESTER COLLEGE

STRATEGIC REPORT

For the year 1 August 2022 to 31 July 2023

NATURE, OBJECTIVES AND STRATEGIES

1. The members present their report and the audited financial statements for the year ended 31 July 2023.

Legal Status

2. The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Leicester College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.
3. The Corporation was incorporated as Leicester College on 1 August 1999 and was a result of the merger of Charles Keene College and Leicester South Fields College.

Mission

4. The College's Mission, as approved by its members, for the period including 2022/23 is:
Developing skills, supporting businesses, engaging communities, changing lives.
5. Its Values are: Respect, Inclusion, Sustainability, Equality, Excellence.

Public Benefit

6. Leicester College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government Changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20-22.
7. 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. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.
8. In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:
 - High-quality teaching
 - Widening participation and tackling social exclusion
 - Contribution to local skills needs, supporting local businesses and the local and regional economy
 - High levels of progression to further study and employment by students
 - Effective student support systems
 - Links with employers, industry and commerce
 - Links with Local Enterprise Partnerships (LEPs) and Leicester City Council.
9. The delivery of public benefit is covered throughout the Strategic Report.

Implementation of Strategic Plan

10. 2022/23 was the first year of the College's Strategic Plan for 2022-2025, approved in July 2022. The Strategic Plan includes accommodation and financial plans. The Corporation

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monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's strategic priorities for the period were:

1. Deliver an ambitious, technically focused curriculum that equips individuals and employers with valuable skills, knowledge and behaviours needed for the success of the local economy.
2. Raise standards of teaching, learning and assessment to ensure students and apprentices make rapid and better than expected progress and achieve positive destinations. Develop the curriculum in preparation for the reform of technical education and the introduction of T levels, taking a leading role with employers in developing and promoting new routes.
3. Develop students' and apprentices' personal social development, building confidence and resilience and enabling them to be responsible, respectful, active citizens.
4. Work with local, regional and national partners to foster innovative developments in sustainability, EDI and other priority areas.
5. Establish a sound financial base that enables annual reinvestment in students, staff and the estate.
6. Attract, develop and retain high performing staff who contribute positively to the College as a learning community.
7. Provide first-class facilities and an advanced IT infrastructure that support excellent teaching and learning and efficient and innovative business operation.
8. Demonstrate exemplary leadership and strategic insight to strengthen and position the College for the future.

Specific Objectives

11. Specific objectives for 2022/23 related to:
 - Learner recruitment
 - Learner achievements
 - Financial objectives
 - Continuing improvement plans
 - Recovering from the impacts of the pandemic and the cost of living crisis at institutional and student level.
12. Improvement plans were monitored throughout the year through monthly Quality Assurance meetings with curriculum areas and the new programme of deep dives, followed up regular reports to the Executive Leadership Team and Corporation.

Recruitment and Funding

13. During 2022/23, the College continued to be affected by the economic situation and cost of living pressures which impacted on participation particularly among adults. In the previous three years, student recruitment was adversely impacted by local and national lockdowns and closures.
14. The number of 16-18 learners recruited was 3,456 (2021/22: 3,368) and the College achieved 102% of its funding target. The College saw an increase in the number of young people taking GCSE English and maths.
15. The College's delivery to adults continued to be affected by the cost of living. The College has achieved 91% of its allocation which is higher than 82% in 2021/22. Despite the increase in

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participation the economic environment will continue to impact on recruitment as increases in interest rates, energy prices and cost of living are being felt across the Country.

16. Once again, the College had very challenging growth targets for participation in apprenticeships. As apprenticeship programmes often span more than one academic year, the reduced activity during the pandemic affected the number of student 'carry ins' into the year. This has meant that more new starts were required this year in order to meet the target. This has proved challenging. The numbers of apprentices increased from 1,125 in 2021/22 to 1,138 (an increase of 1.2%). The pandemic continued to create considerable uncertainty in the market. As a result, the College, and many other providers, found its planned targets very difficult to achieve because of employer caution about continued employment for apprentices. The number of new starts was also impacted in the last term of the previous year.
17. The College recruited 232 full time equivalent (FTE) Higher Education (HE) learners. The environment for HE recruitment also remained challenging.
18. Although funding for adults remained static, the ongoing funding constraints combined with other inflationary increases within pay and non-pay expenditure created further pressures on College budgets. Recognising the need to continue to achieve efficiencies, the College has continued a number of strategies to increase income and review the curriculum offer and the way in which it is delivered.
19. The College earned £562k from the Tuition Fund during year. This related to funds received to assist with the effects of COVID-19 on students' learning. The Centre for Excellence project generated £203k of income.

Financial Objectives

20. The College aims to maintain financial viability measured by the attainment of an Education and Skills Funding Agency (ESFA) financial status of 'Requires Improvement' whilst enabling resources to be available for the delivery of a high quality curriculum. This aim is achieved within the College's current financial plan. The College recognises the challenges to improve its financial health to 'Good', which it plans to do by 2024/25 as it responds to public spending cuts and inflationary cost pressures by becoming more efficient. The planned performance will be assured by the following:

20.1. Provision of Financial Stability

- Maintaining the generation of at least an operating breakeven, after allowing for accommodation costs to comply with the grant funding agreement and contracts with the Education and Skills Funding Agency and covenants with the bank as a result of the loan to finance the accommodation project
- Generating a cash inflow from operating activities each year, sufficient to maintain strategic investment
- Maintaining at least 25 cash days at each year end
- Maintaining general reserves of at least 5% of income
- Achieving a current ratio of at least 1.1:1.

20.2. Maintaining the Confidence of Funding Bodies, Professional Advisers and Suppliers

- Providing financial and non-financial returns on time and in the agreed format
- Ensuring returns requiring certification by auditors are unqualified
- Satisfying trade creditor liabilities within 30 days of receipt of invoice.

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20.3. Improving Financial Management and Awareness

- Critically appraising all management decisions which have a financial output
- Reviewing capital investments both pre and post implementation
- Producing monthly management accounts within 10 working days of the month end including income and expenditure account, balance sheet and rolling 24 month cash flow forecast
- Providing financial training and advice to all relevant parties
- Providing up-to-date financial information to staff, managers and Corporation members.

20.4. Investment

- Allocating sufficient provision to ensure that the planned maintenance programme can be financed as necessary
- Generating sufficient income to enable the College to invest in new technology and equipment
- Protecting the security of all assets by ensuring appropriate procedures are in place
- Continuing to invest in staff by maintaining pay at nationally agreed levels and ensuring sufficient resources are available for training and development.

Performance Indicators

21. The College is committed to observing the importance of sector measures and indicators. Performance data is published on the College's and DfE websites. The College is required to complete the annual Finance Record for the ESFA. The Finance Record produces an automated financial health grade of 'requires improvement'.
22. In addition, KPIs were agreed by the Board for each of the College's strategic objectives. These are monitored throughout the year through a range of mechanisms including Board reports and use of management information.

FINANCIAL POSITION

Financial Results

23. The College's EBITDA is a deficit of £897,000 excluding the impact of FRS102 pension adjustments. This was achieved against a deficit budget of £514,000 (excluding FRS102 pension adjustments). The College out turned a deficit of £2,216,000, before restructuring and pension adjustments. The table below shows the movements from Comprehensive Income to the EBITDA position.

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	£000s	£000s
Deficits per Financial Statements		(1,581)
FRS102 Pension Adjustment		
Staff costs charge	438	
Interest charge	63	
Actuarial gains	(1,477)	(976)
Restructuring Cost		341
Operating deficit		(2,216)
Depreciation and Release of capital grants	1,659	
Interest movement	1	
Restructuring Cost (as above)	(341)	1,319
EBITDA		(897)

24. The table below shows the College's underlying performance over the past 6 years.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
EBITDA	350	1,986	2,808	3,317	710	(897)
As a % of income	0.8%	4.3%	6.1%	7.5%	1.6%	(2.0%)

25. During this period the College faced a significant funding reduction from the ESFA. The funding reduction was compounded by significant year on year pressures on pensions, utilities and other non-pay expenditure.
26. The College has accumulated general reserves, (before the pension reserve), of £13,763,000 (2021/22: £15,038,000), and cash balances and short term investments of £9,537,000 (2021/22: £13,073,000). The College will continue to manage its reserves and cash balances in order to support developments to its estate.
27. During the year, the College invested £3,365,000 in tangible fixed assets. This was split between land and buildings (£289,000), equipment purchased (£1,827,000) and assets in the course of construction (£1,249,000).
28. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23, the ESFA provided 82% of the College's total income.

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Treasury Policies and Objectives

29. 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.
30. The College has a separate treasury management policy in place. All borrowing requires the prior authorisation by the Corporation and shall comply with the requirements of the Corporation's grant funding agreement and contracts agreed with the ESFA. The day-to-day transactions within an agreement are authorised by the Chair or Vice Chair of Governors, the Principal and the Deputy Principal. Investment of surplus funds is under the authority of the Deputy Principal within parameters set by the Corporation.

Cash Flows

31. The net cash decrease of £3,536,000 (2021/22: £1,542,000) was a result of the net cash outflow from operating activities of £3,565,000 (2021/22: inflow of £428,000). The outflow from financing activities of £556,000 (2021/22: £554,000) was compensated for by a net inflow of capital expenditure and financial investment of £585,000 (2021/22: outflow of £1,416,000).

Liquidity

32. During the year, the College continued to repay outstanding loans (£4,935,000 as at 31 July 2023) which was used to help finance the accommodation project completed in 2009/10.
33. The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable margin between the total cost of servicing debt and liquidity. During the year, the costs of servicing debt were maintained comfortably within the budgeted margin.

Reserves

34. The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserves stands at £13,763,000 (excluding pension reserve). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

35. The College is funded according to the level of activity that it generates each year. In 2022/23, the College delivered activity that has produced £32,533,000 (2021/22: £31,809,000 (including additional learning support)) in funding body main allocation funding.

Student Achievements

36. The pandemic and changes to qualification specifications for 2019/20 and 2020/21 mean that comparisons with previous years' data are not like for like comparisons. However, comparing the outcomes of learners to 2021/22 national data:

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- The all ages overall achievement rate increased slightly by 0.7% to 86.3%.
 - The 16-18 achievement rate increased by 1.1% to 78.7%.
 - The Adult achievement rate increased by 0.2% to 89.1%.
 - The Apprenticeship overall achievement rate decreased by 1.7% to 55.7%.
37. GCSE English achievement 9-4 for 16-18-year-olds decreased from 2021/22 by 1.5% but was 12.8% above national rates; for adults it decreased by 6.4%. GCSE maths 16-18 saw a decline of 8.4% to 26% and adults a decline of 16.9% from 2021/22.
38. Apprenticeships Standards represented 94.5% of the provision and Frameworks 5.5% for 2022/23. The Standards overall achievement rate was 55.7%, 1.3% below the 2021/22 NAR. The Framework achievement rate was 83.3%, 14.4% above the 2020/21 NAR.
39. There were gaps in achievement rates between some student groups and these will be areas for improvement in 2023/24:
- Students identifying with LDD achieved less well than those who did not, 85.4% compared to 86.9%,
 - Students with an EHCP achieved less well than those without, 81.9% compared to 86.8%
 - Students in receipt of free school meals achieved less well than those that are not; 77.2% compared to 87.2%
 - Students in care achieved less well than those who are not; 84.6% compared to 86.7%
 - Young carers achieved less well than those who are not; 67.4% compared to 86.8%
 - SEND students achieved less well than those who are not, 84.6% compared to 86.8%.
40. There were small gaps of less than 5% in achievement rate gaps by other diversity indicators gaps.
- Female achievement was 86.8% compared to male 85.7%, a 1.1% gap
 - Students with a declared disability achievement was 83.8% compared to 86.8% for students not declaring a disability, a 3.0% gap
 - Asian achievement was the highest, 86.4% compared to mixed heritage achievement, 83.7%, a 2.7% gap.

Curriculum Developments

41. During 2022/23 the College continued to review and develop its curriculum in order to ensure that it met the needs of employers, of employees and of students and that the curriculum was compatible with the government's priorities for funding.
42. In 2022/23, the methodology for planning the curriculum to ensure that it provided a high quality and sustainable offer was continued and refined with each area looking in detail at the underlying costs and impact of each course. As part of the process, curriculum areas reviewed and revised their offer resulting in several courses being withdrawn and a small number of new courses programmed to run in 2023/24.
43. As part of the development of its new strategic plan, the College undertook a review of its curriculum offer, developing separate strategies for the 2022-2025 period for education programmes for young people (EPYP), adult programmes, HE and Apprenticeships. These include a review of the local labour market information and the identification of areas of market share, areas for growth and how the offer contributes to local priorities identified by the

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Leicestershire Local Enterprise Partnership (LLEP) and the Local Skills Improvement Plan (LSIP).

44. The College has retained a broad offer to young people, adults and employers to ensure that it is focussed on providing a high quality offer that meets local needs. Developments during the year included the following:
- Curriculum teams focussing significant attention on addressing learning gaps arising from the pandemic period, ensuring that students' gaps in prior knowledge and skills could be supported through delivery methods and content. The College used the 16-19 tuition fund to provide additional one-to-one or small group delivery sessions for eligible students.
 - Ongoing work with employers to promote the benefits of Apprenticeships, industry placements and wider employer qualifications to both levy paying employers and SMEs and support introduction. The sales team targeted employers in key markets to develop and introduce new apprenticeships standards, where demand was needed.
 - T Level qualifications were introduced in 2021/22, with extensive preparation undertaken to ensure that the launch was successful, including industry placements. 2022/23 was the second year of implementation, with additional T Level pathways being introduced in Engineering and Business and Administration.
 - Continuing to utilise the supporting capital and specialist equipment funds available to support successful T Level qualifications. Alternative qualification routes were also reviewed, in accordance with the expected timeline for replacement.
 - Working in collaboration with DWP and local employers, to design bespoke Sector Work Based Academy Programmes (SWAPs) for Rail Engineering, NHS, Leicester City Council Neighbourhood and the Security sector. These programmes which are of four to six weeks full time study, provide intensive training and work readiness opportunities to applicants and help students to gain a real understanding of the respective sector. Programmes are based on essential and desirable criteria on the employers' job descriptions. An example included a skills partnership to increase the recruitment and retention of CAMHS support workers. The SWAP was designed following consultation with LPT and a review of their band 2 job descriptions with a focus on ensuring the programmes support unemployed adults into employment in the NHS. Recruiting managers from LPT provided practical support with job applications and interview preparation.
 - A full time Level 3 Creative Media Immersive Design and Development course for 16-18 year olds developed in collaboration with the National Space Centre. The course enrolled 16 students in September 2022.
 - Operating an OET centre which is recognised by the General Medical Council, Nursing and Midwifery Council and the Royal College of Emergency Medicine continued to provide English testing for those wanting to enter the healthcare professions in the UK.
 - A block delivery model for Functional Skills Maths in study programmes to support progression onto identified courses.
 - ESOL staff and students participating in further research projects led by the Infectious Diseases Research Unit aimed at developing innovative methods to engage migrant communities in health research in the East Midlands. This collaboration has informed some sections of the online ESOL course on keeping safe from infectious diseases.
 - A growth plan for teacher education including a newly validated Level 6 one-year online DMU Level 6 'top up' in Teaching and Learning intended for applicants currently holding a L5 teaching qualification wishing to enhance their pedagogical knowledge and improve career progression opportunities.

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- Extending the adult maths and English curriculum offer to include January starts for GCSE and increased online/blended provision.
 - Royal Central School of Speech and Drama helping the College's Performing Arts staff to design the Applied Theatre module which has replaced the Theatre in Education module. Dementia theme training in workshop facilitation and dementia awareness, research techniques and applied Theatre techniques have also been developed. They also provided a Live Brief involving remote delivery and therapy for dementia patients. The College has a Progression Agreement with Royal Central through to undergraduate study.
 - Working with the Highfields Centre to plan and market community based programmes. ESOL and Employability courses are delivered at the Centre which is located in an area of high deprivation. The curriculum and mode of delivery is aligned to the needs of the communities based in the vicinity of the venue.
45. The College was last inspected by Ofsted in October 2023 and was found to be Good in all areas with a Good assessment for overall effectiveness. Areas for improvement included:
- Improve attendance for students on education programmes for young people.
 - Ensure all learners with high needs have appropriately challenging targets.
 - Support the few teachers who need help to improve their curriculum planning, use of activities in class and assessment approaches.
 - Improve achievement rates on functional skills mathematics and retention rates on the few courses where it is too low.
46. During the year the College was also involved in an Ofsted thematic inspection of T levels.

PAYMENT PERFORMANCE

47. 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% which has been met. The College incurred no interest charges in respect of late payment.

POST-BALANCE SHEET EVENTS

48. There are no material post-balance sheet events that require disclosure in the financial statements.

FUTURE DEVELOPMENTS

49. The College moves into 2023/24 with income budgeted at £45,725,000 which is in line with that achieved in 2022/23.
50. The College aims to diversify its income sources by seeking opportunities to grow where there is potential. It has dedicated staff with capacity to engage in open and competitive tendering for additional income. Delivery will continue to be financially efficient as the College continues to build on its successes in pursuit of value for money in both staffing and non-staffing expenditure.

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51. The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

RESOURCES

52. The College has various resources that it can deploy in pursuit of its strategic objectives.
53. The College has £19,795,000 of net assets and long term debt of £4,935,000.
54. The College employs 1,213 people (2021/22: 1,240).
55. The College has a very good reputation locally and nationally. The College's brand conveys this reputation as an essential part of its mission and vision.

PRINCIPAL RISKS AND UNCERTAINTIES

56. The College has a clear commitment to develop, embed and maintain systems of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. It is recognised that informed and calculated risks are involved in growing the provision of education and training and investing in the quality of the learning experience and learner environment. However, it will only tolerate that level of risk required by its commitment to achieving its strategic priorities.
57. The College is committed to mitigating risks within its control and preparing for contingencies beyond its control.
58. The College would not knowingly enter into any arrangements that would bring it into disrepute.
59. A risk register is maintained by the College and reviewed on a termly basis by the Executive Leadership Team, the Audit Committee and the Board of Governors. During the year, the Board reviewed its approach to risk management and developed a risk appetite statement and a new strategic risk register and risk assurance map for implementation in 2023/24.
60. The College has considerable reliance on continued government funding through the education sector funding bodies and Office for Students. In 2022/23, 84% of the College's revenue was ultimately publicly funded and this level of reliance is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
61. The College is aware of several issues which may impact on future funding:
- The continued downward pressure on FE funding rates and increases in costs such as pensions and inflationary increases.
 - The rebalancing of investment in education towards individuals and employers and the impact on participation including loans for adult learners on advanced courses and the continued impact of the Apprenticeship Levy.
 - Simplified and more formula driven allocation systems and adequate funding rates to meet the changes envisaged.
 - The College's ability to respond to local skills demands and the potential devolution of adult skills budgets.
 - The impact of increases in interest rates, energy prices and cost of living crisis will affect recruitment.

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- Increased pressure on public spending will affect future funding
 - ONS reclassification of colleges and the impacts on borrowings and consents around senior pay and novel, contentious or repercussive transactions.
 - Expectations around public sector pay.
62. These risks are mitigated in a number of ways:
- Funding is derived through a number of direct and indirect contractual arrangements.
 - By ensuring the College is rigorous in delivering high quality education and training.
 - Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies.
 - Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
 - Regular dialogue with the ESFA, other funding bodies, the LLEP and City Council.
 - Enhanced management information to make strategic decisions.
63. The fee assumption in 2022/23 remained at 50%. In line with the majority of other colleges, Leicester College will seek to collect tuition fees in accordance with the fee assumption. The risk for the College is that demand falls off as fees increase. This may impact on the growth strategy of the College. This risk is mitigated in a number of ways:
- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
 - Close monitoring of the demand for courses as prices change.
64. The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

STAKEHOLDER RELATIONSHIPS

65. In line with other colleges and with universities, Leicester College has many stakeholders. These include:
- Students
 - Education Sector funding bodies
 - Staff
 - Local employers
 - Local Authorities
 - Leicester and Leicestershire Enterprise Partnership
 - The local community
 - Other FE institutions
 - Trade unions
 - Professional bodies.
66. The College recognises the importance of these relationships and engages in regular communication with stakeholders in an increasing range of ways. These include through the College website and an expanded range of e-communication channels; visits and events; course representatives, and a Student Council; and through day to day meetings and representation on a range of groups and boards.

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EQUALITY, DIVERSITY AND INCLUSION AND EMPLOYMENT OF DISABLED PERSONS

67. Leicester College promotes Equality, Diversity and Inclusion for all and works towards bringing down the barriers to participation and progression. The College values the diversity of the communities it serves and seeks to reflect that diversity in its student and staff profile. The College is anti-racist and opposed to all discriminatory attitudes and behaviours towards any of the protected characteristics. This policy is resourced, implemented and monitored on a planned basis.
68. The College publishes an Annual Equality, Diversity and Inclusion Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College reviews new policies and procedures and plans for any potential equality impacts.
69. The local population which the College serves is ethnically diverse. Leicester City has a population of 368,800 and is the 19th most deprived local authority in England, with a 59% ethnic minority population; 71% of school pupils are from non-White British backgrounds. There are 70 languages and dialects used within the city and 52% of primary school children with non-English as their preferred language. In contrast, Leicestershire, from which the College also recruits a significant number of students has a majority (90%+) white population. The College's student population therefore reflects both the local and wider county population.
70. Student profile

Ethnic Group	Number of Students	%
Asian or Asian British	3,155	26
Black or Black British	1,282	10
Mixed	620	5
Not Stated	8	0
Other Ethnic Groups	923	8
White British	5,505	45
White Other	807	7
Total	12,300	100

71. Staff Ethnicity Profile

Ethnic Group	Number of Employees	%
Asian or Asian British	274	25
Black or Black British	48	4
Mixed	40	4
Not Stated	43	4
Other Ethnic Groups	10	1
White British	672	62
Total	1,087	100

72. Staff Age Profile

Age Range	Number of Employees	%
Under 20	13	1
20-29	97	9

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Age Range	Number of Employees	%
30-39	202	19
40-49	270	25
50-59	319	29
60-69	166	15
70 and over	20	2
Total	1,087	100

73. Governor Ethnicity Profile (as at 31 July 2023)

Ethnic Group	Number of Governors	%
Asian or Asian British	4	20
Black or Black British	3	15
Mixed	0	0
Not Stated	0	0
Other Ethnic Groups	0	0
White	13	65
Total	20	100

74. Governor Age Profile (as at 31 July 2023)

Age Range	Number of Governors	%
Under 24	2	10
-25-34	0	0
35-44	3	15
45-54	4	20
55-64	5	25
65-74	4	20
Unknown	0	0
Total	20	100

75. Gender Pay Gap - pay audits/outcomes

Mean Gender Pay Gap	8.6%
Median Gender Pay Gap	11.6%

76. Ethnicity Pay Gap - pay audits/outcomes

Mean Ethnicity Pay Gap	3.7%
Median Ethnicity Pay Gap	4.3%

77. Disability pay gap – pay audits/outcomes

Mean Disability Pay Gap	0.8%
Median Disability Pay Gap	-1.7%

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78. All three mean pay gaps have decreased this year, the median pay gaps for Gender and Ethnicity have increased while the figure for Disability has fallen. The main reason for the increase in pay gaps is the introduction of Market Supplements in hard to fill areas i.e Construction, Engineering and ICT services.

Disability Statement

79. The College seeks to achieve the objectives set down in the Equality Act 2010. It makes the following commitments:
- This College recognises that students with disabilities may have additional needs for which they will require support. The College will do its best to respond to the individual needs of prospective students. A student with a disability is someone who may have a physical or sensory disability, a learning difficulty (which could be specific, mild, moderate or severe), a mental health problem, or who experiences emotional, behavioural or linguistic difficulties.
 - There are specialist lecturers who support students with learning difficulties and/or disabilities. There are also student support staff and bought in services from specialist agencies to provide a variety of support for learning.
 - Specialist programmes are described in course guides.
80. The College is a Disability Confident Employer which is a government scheme designed to encourage employers to recruit and retain disabled people and those with health conditions. Applicants who meet the essential criteria for a role are guaranteed an interview. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues and reasonable adjustments made where practical and affordable.

Trade Union Facility Time

81. The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College.

Numbers of employees who were relevant trade union officials during the relevant period (1 April 2022 – 31 March 2023)	FTE employee number
6	5.7

Percentage of time spent on facility time	Number of employees
0%	0
1-50%	7
51-99%	0
100%	0

Total cost of facility time	£16,225
Total pay bill	£25,719,076
Percentage of total bill spent on facility time	0.06%

Hours spent on paid facility time	630
Hours spent on paid trade union activities	0
Percentage of total paid facility time hours spent on paid TU activities	0%

LEICESTER COLLEGE

STRATEGIC REPORT

For the year 1 August 2022 to 31 July 2023

Modern Slavery Transparency Statement

82. As required by the Modern Slavery Act 2015, Leicester College has developed a Transparency Statement, published on its website, describing its actions to understand all potential modern slavery risks relating to its business and its supply chains.

Streamlined Energy and Carbon Reporting

83. The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 regulations') implement the government's policy on streamlined energy and carbon reporting and came into force with effect from 1 April 2019 for accounting periods starting on or after that date. The 2018 regulations apply to certain UK companies, but as a matter of public policy corporations are encouraged to make an equivalent disclosure in respect of the reporting period 1 August 2022 to 31 July 2023 on their websites. In line with this, the College publishes annual energy and carbon statistics and a sustainability report on its website.

GOING CONCERN

84. As detailed in the Going Concern Accounting Policy on page 45, the Corporation considers that it has sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.
85. At time of submitting statements, the College has conducted its autumn term reforecast and still continues to have sufficient cash balances for the following twelve months.

DISCLOSURE OF INFORMATION TO AUDITORS

86. The members who held office at the date 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 14 December 2023 and signed on its behalf by:



.....
D Gillett
Chair

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

87. 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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.
88. 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; and
 - iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.
89. The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance for English Colleges. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.
90. In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges and it has complied throughout the year ended 31 July 2023 and up to the date of these financial statements. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 and revised in March 2019 and in September 2021.
91. The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

The Corporation

92. The members who served the Corporation during the year and up to the date of signature of this report:

Name	Date of Appointment	Term of Office	Date of Resignation/End of Term	Status of Appointment	Committee Membership at 13 October 2023	Corporation Attendance	Overall Attendance
John Allen	13 September 2017 (Reappointed 13 September 2020)	3 Years	26 October 2022	Independent Member	-	67%	75%
Zoe Allman	1 March 2021	3 years		Independent Member	Curriculum Strategy and Quality Improvement Audit	83%	88%
Sam Emery	1 November 2022	1 year	31 July 2023	Student Member	-	60%	83%
Lisa Armitage	30 October 2020	3 years	29 October 2023	Staff Member	Curriculum Strategy and Quality Improvement Student Liaison	83%	93%
Shaun Curtis	30 October 2020	3 years	29 October 2023	Staff Member	Search and Governance	100%	76%
Anne Frost	1 March 2021	3 years	31 July 2023	Independent Member	.	83%	71%
Lesley Giles	31 July 2023	3 years	-	Independent Member	Finance and General Purposes Curriculum Strategy and Quality Improvement	-	-
Danielle Gillett	14 June 2016 (Reappointed 14 June 2019, 14 June 2022)	3 Years		Independent Member	Finance and General Purposes Search and Governance	100%	89%
Nicola Gonsalves	1 September 2022	3 Years	25 August 2023	Independent Member	-	33%	50%

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the year 1 August 2022 to 31 July 2023

Name	Date of Appointment	Term of Office	Date of Resignation/End of Term	Status of Appointment	Committee Membership at 13 October 2023	Corporation Attendance	Overall Attendance
Verity Hancock	1 January 2013	Ongoing		Principal	Curriculum Strategy and Quality Improvement Search and Governance Finance and General Purposes Student Liaison	100%	95%
Chan Kataria	13 September 2017 (Reappointed 13 September 2020, 13 September 2023)	3 Years		Independent Member	Finance and General Purposes Search and Governance	67%	79%
Jonathan Kerry	21 October 2013 (Reappointed 21 October 2016, 21 October 2019, 21 October 2022 for an exceptional term until 31 March 2023)	3 Years	31 March 2023	Independent Member	-	100%	89%
Zubair Limbada	1 August 2015 (Reappointed 01 August 2018 and 11 February 2021)	3 Years		Independent Member	Audit	83%	91%
Maureen Magutu	1 August 2022	1 year	31 July 2023	Student Member	-	100%	93%
Harmesh Manghra	14 June 2023	3 years	-	Independent Member	Curriculum Strategy and Quality Improvement Student Liaison	100%	67%
Ed Marsh	1 March 2021	3 years	9 November 2022	Independent Member	-	50%	53%
Neil McDougall	16 March 2023	3 years	-	Independent Member	Student Liaison Audit	67%	67%
Roger Merchant	23 May 2018 (Reappointed 11 February 2021)	3 years		External Member	Audit	-	60%

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

For the year 1 August 2022 to 31 July 2023

Name	Date of Appointment	Term of Office	Date of Resignation/End of Term	Status of Appointment	Committee Membership at 13 October 2023	Corporation Attendance	Overall Attendance
Louisa Poole	10 July 2019 (Reappointed 10 July 2022)	3 years		Independent Member	Student Liaison Audit	80%	90%
Robert Radford	14 June 2023	3 years	-	Independent Member	Finance and General Purposes	100%	100%
Jackie Rossa	21 July 2023	3 years	-	Independent Member	Curriculum Strategy and Quality Improvement Search and Governance	-	-
Lee Soden	24 August 2022	3 years	-	Independent Member	Finance and General Purposes Student Liaison	100%	93%
Jai Sharda	1 April 2021	3 years		Independent Member	Curriculum Strategy and Quality Improvement Student Liaison	67%	53%
Caroline Tote	13 September 2017 (Reappointed 13 September 2020)	3 years	31/05/2023	Independent Member	-	50%	58%
Sallyann Turner	21 June 2023	3 years	-	Independent Member	Curriculum Strategy and Quality Improvement	100%	100%
Tom Wilson	13 September 2017 (Reappointed 13 September 2020, 13 September 2023)	3 years		Independent Member	Audit Student Liaison	83%	93%

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

The Corporation (continued)

93. Louise Hazel (Director of Governance and Policy) carried out the role of Clerk to the Corporation as defined in the Instrument and Articles.
94. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.
95. 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 curriculum and funding targets, proposed capital expenditure, quality matters, equality diversity and inclusion (EDI) and personnel related matters such as health and safety and environmental issues. The Corporation meets at least five times each year.
96. 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 General Purposes (including remuneration), Search and Governance, Audit, Curriculum Strategy and Quality Improvement and Student Liaison. Full minutes of meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Director of Governance and Policy at:

Leicester College
Freemen's Park Campus
Welford Road
Leicester
LE2 7LW
97. The Director of Governance and Policy maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.
98. All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Director of Governance and Policy, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Director of Governance and Policy are matters for the Corporation as a whole.
99. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to meetings of the Corporation. Briefings are also provided on an ad-hoc basis.
100. 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.
101. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

102. Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee which consists of the Chair and/or Vice Chair of Corporation, the Accounting Officer and a maximum of four other governors who are responsible for the selection and nomination of

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

any new member; appointments are reported to the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required.

103. Members of the Corporation are appointed for a term of office not exceeding three years. The Corporation's Standing Orders allow for governors to serve three terms of office, subject to approval by the Corporation. A fourth reduced term of office can be considered in exceptional circumstances.

Senior Postholder Remuneration

104. During 2018/19 the Corporation agreed to adopt the Colleges Senior Staff Remuneration Code which forms part of the Code of Good Governance for English Colleges. Remuneration of Senior Postholders and other members of the Executive Leadership Team is dealt with by the Finance and General Purposes Committee which comprises the Chair of the Corporation and a maximum of seven other members of the Corporation. The Committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Principal and other Senior Postholders. In line with the Senior Post Holder Remuneration Code, in fulfilling the remuneration function, the Committee must be independent of the College's management. Membership for items of remuneration must include the Chair, but not the Principal/Chief Executive. The Chair of Corporation should not chair the Committee when remuneration issues are discussed.
105. Details of remuneration for the year ended 31 July 2023 are set out in Note 8 to the financial statements.

Audit Committee

106. The Audit Committee has at least three members (excluding the Chair, Principal and Finance and General Purposes Committee members). The Committee operates in accordance with written terms of reference approved by the Corporation and in line with the Post-16 Audit Code of Practice.
107. The Audit Committee met four times during 2022/23. Attendance by members during the year was as follows:

Member	Attendance
Zubair Limbada (Chair)	100%
Tom Wilson	100%
Anne Frost	50%
Zoe Allman	100%
Louisa Poole (Vice Chair)	50%
Neil McDougall (from 16 March 2023)	100%
Roger Merchant	75%

108. The Committee provides a forum for reporting by the College's internal, reporting accountants and financial statement 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.

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

109. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.
110. The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statement auditors and their remuneration for audit and non-audit work, as well as reporting annually to the Corporation.
111. In June 2022, the Audit Committee recommended to the Corporation the reappointment of the College's external auditors KPMG for three years, with a possible further extension of two years.

Internal Control

Scope of responsibility

112. The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.
113. The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between the 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

114. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. 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 the College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

115. 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 year ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

The risk and control framework

116. 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 Corporation
 - regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
 - setting targets to measure financial and other performance
 - clearly defined capital investment control guidelines
 - the adoption of formal project management disciplines, where appropriate.

Responsibilities under Funding Agreements

117. The Corporation has met its contractual responsibilities under its funding agreements and contracts with ESFA, including those following the reclassification of colleges to the public sector in the middle of 2022/23.
118. The Department for Education and the 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

119. The College has an internal audit service, which operates in accordance with the requirements of the ESFA 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 Audit Committee makes an annual report to the Corporation which includes information on external and internal audit activity in the College.
120. In view of the range of reviews and the assurance provided by the internal and external audits and the external reviews set out in the Annual Report to the Corporation, and its own self-assessment, the Committee takes that view that it has been given assurance of the adequacy and effectiveness of the College's systems and arrangements for risk management, control and governance processes and, for securing economy, efficiency and effectiveness and the safeguarding of assets.

Review of effectiveness

121. As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:
- the work of the internal auditors

LEICESTER COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL For the year 1 August 2022 to 31 July 2023

- 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 in their management letters and other reports.
122. The Accounting Officer has been advised of the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance. A plan to address weaknesses and ensure continuous improvement of the system is in place.
123. The Executive Leadership 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. The Executive Leadership 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 Executive Leadership Team and the Audit Committee and an Annual Report from the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.
124. 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"*.

Corporate Governance Performance

125. The Corporation and Committees formally review their effectiveness as part of the annual self-assessment process which feeds into the Quality Improvement Plan. Action plans are provided, considered and monitored throughout the year.
126. The Governing Body and its Committees are actively involved in shaping College strategy and consider all strategic plans, business and improvement plans as appropriate. Strategies are monitored regularly. The Corporation approves the risk management plan every year. The Audit Committee is responsible for monitoring progress against the plan and receives update reports at every meeting which are then reported to the Corporation. The Audit Committee is active in defining its requirements for the format of risk reporting, mapping sources of assurance and adding to the risk register if it identifies items of concern from audit findings.
127. The Corporation and its Committees review progress reports for underperforming areas, as identified through the annual Quality Improvement Plan. Reviews are undertaken regularly until such time that Governors are satisfied that performance has improved to a satisfactory level. The Curriculum Strategy and Quality Improvement Committee considers and monitors a range of papers that are agreed and approved each academic year aimed at improving all aspects of the curriculum including learning, teaching and assessment.
128. Each Committee undertakes a self-assessment of performance on an annual basis. The combined Committee self-assessment reports inform the overall Governance Self-

LEICESTER COLLEGE

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
For the year 1 August 2022 to 31 July 2023**

Assessment process and the Governance Self-Assessment Report as well as the Governance Improvement Action Plan which is monitored by the Search and Governance Committee.

129. All governors have participated in some form of training or development during the year including Association of Colleges masterclasses, conferences and networks; ETF inductions and online modules; College-led sessions on finance and funding, a safeguarding workshop and a risk management workshop facilitated by internal auditors; mandatory safeguarding and Prevent training; and updates on Safeguarding and Prevent by the Director of Student Services and Marketing. Feedback from these sessions has been positive.
130. The members of the Corporation are well qualified and experienced. The latest annual skills audit for the Corporation confirms that all necessary areas of expertise are covered, including financial management and audit. Members of the Corporation have 1:1 meetings with the Chair and the Chair's performance is subject to an annual review.
131. The Director of Governance and Policy completed the Education and Training Foundation /Institute of Directors Governance Professionals Leadership Programme during 2021/22.
132. The Board commissioned an external review of governance to be undertaken by the Education and Training Foundation/Institute of Directors. This started in August 2022 and reported in November 2022. The report found that: *'The Board demonstrates a clear understanding of the College's vision, mission and values and it committed to governing within these principles. The governance structure is robust with defined delegated roles and responsibilities between committees and the Board. The relationship between the Chair, CEO and Governance Professional is seen as being strong, professional and effective, with the Board clearly working as a team to support and challenge proposals and papers put before it. Members appear to contribute effectively when present at meetings and demonstrate respect and confidence in the opinion of others.... Overall Leicester College is served by an effective and impactful Board. Through the research and observation undertaken as part of this study, it is clear that governors are committed to, and engaged with, the life of the college. The report recognises the good practice being used and highlights areas of improvement that could be considered.'*
133. A series of recommendations was made and an action plan developed to take forward the recommendations during 2022/23. This has now been completed.

Approved by order of the members of the Corporation on 14 December 2023 and signed on its behalf by:



.....
D Gillett
Chair

.....
V Hancock
Accounting Officer

LEICESTER COLLEGE

**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
For the year 1 August 2022 to 31 July 2023**

134. 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 the Education and Skills Funding Agency (ESFA) and has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.
135. 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 the 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
136. I confirm that no instances of material irregularity, impropriety or funding 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 the Education and Skills Funding Agency.



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V Hancock
Accounting Officer

Date:

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.



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D Gillett
Chair of governors

Date: 14 December 2023

LEICESTER COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

For the year 1 August 2022 to 31 July 2023

137. The members of the Corporation are required to present audited financial statements for each financial year.
138. Within the terms and conditions of the College's grant funding agreements and contracts with the Education and Skills Funding Agency, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, College Accounts Direction for 2022 to 2023 issued by the Education and Skills Funding Agency and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and the result for that year.
139. In preparing the College 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 the College's ability to continue as a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate; and
 - prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.
140. The Corporation is also required to prepare a Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.
141. The Corporation is responsible for keeping adequate accounting records, which disclose with reasonable accuracy, at any time, the financial position of the parent College and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation, including the Further and Higher Education Act 1992 and Charities Act 2011, and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.
142. The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
143. Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the Grant Funding Agreements and contracts with the ESFA and any other conditions that may be prescribed from time to time, including that any transactions entered into by the College are within the delegated authorities set out in the "Dear accounting officer" letter of

LEICESTER COLLEGE

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

For the year 1 August 2022 to 31 July 2023

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 to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2023 and signed on its behalf by:



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**D Gillett
Chair**

LEICESTER COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LEICESTER COLLEGE

Independent Auditor's Report to the Corporation of Leicester College

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Leicester College ("the College") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023, and of the College's income and expenditure, gains and losses and changes in reserves and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2022 to 2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the College or to cease its operations, and as they have concluded that the College's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the College's business model and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified and concur with the Corporation's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the College will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LEICESTER COLLEGE (contd)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Corporation, the Audit Committee, internal audit and inspection of policy documentation as to the College’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the College’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of understatement of potential clawback of adult and apprenticeships funding where funding targets have not been reached, of overstatement of funding where there is the potential to receive payment for over delivery against funding targets, the risk that the College’s management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as pension assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the College’s fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom used tuition fee account codes, late adjustments posted to funding body income, manual journals whose descriptions included key words, unusual postings to cash and borrowings and material post-close journal entries.
- We performed tests of detail over funding body income, agreeing funding to learner registration documentation to confirm revenue was recognised appropriately.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Corporation and other management (as required by auditing standards), and from inspection of the College’s regulatory and legal correspondence and discussed with the Corporation and other management the policies and procedures regarding compliance with laws and regulations.

LEICESTER COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LEICESTER COLLEGE (contd)

As the College is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by post-16 education and skills legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with the regulatory framework of the Education and Skills Funding Agency and the Office for Students. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on the College's use of funds in the section of our audit report dealing with other legal and regulatory requirements and the regularity of the expenditure disbursed and income received by the College during the period in our report on regularity.

Context of the ability of the audit to detect fraud or breaches of law or regulation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

LEICESTER COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LEICESTER COLLEGE (contd)

Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's Statement of Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2022 to 2023 (April 2023) issued by the Education and Skills Funding Agency ("ESFA") we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 26, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

LEICESTER COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LEICESTER COLLEGE (contd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the financial statements meet the requirements of the Higher Education Accounts Direction.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required by the Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the College's expenditure on access and participation activities for the financial year disclosed in Note 11 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in note 8 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Corporation in accordance with Article 22 of the College's Articles of Governance. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.



Mark Dawson
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6G
19 December 2023

LEICESTER COLLEGE

REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LEICESTER COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION (ESFA)

In accordance with the terms of our engagement letter dated 26th August 2021 and further to the requirements and conditions of funding in ESFA 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 that in all material respects the expenditure disbursed and income received by Leicester College during the period 1st August 2022 to 31st July 2023 as recorded in these financial statements 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 in conducting our work is set out in the Post-16 Audit Code of Practice 2022 to 2023 (April 2023) issued by the ESFA ("the Code").

This report is made solely to the corporation of Leicester 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 Leicester College and the ESFA those matters we have been engaged 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 Leicester College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Leicester College and the reporting accountant

The corporation of Leicester 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 by the College are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities 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, the expenditure disbursed and income received by the College during the period 1 August 2022 to 31 July 2023, as recorded in the annual financial statements of Leicester College for the same period, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics.

Approach

We conducted our engagement in accordance with the Code. 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 and propriety.

LEICESTER COLLEGE

REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LEICESTER COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT OF EDUCATION (ESFA) (contd)

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion included:

- Inspecting 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;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Assessing whether any evidence of impropriety resulting from our work was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity and propriety consistent with the requirements of the Code.

This engagement to report on regularity and propriety is separate from the audit of the annual financial statements of Leicester College and the report here relates only to the matters specified and does not extend to Leicester College's annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit report is made solely to the Corporation of Leicester College in accordance with Article 22 of the Articles of Government of Leicester College. The audit work has been undertaken so that we might state to the Corporation of Leicester College those matters we are required to state to the Corporation 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 Leicester College and the Corporation of Leicester College for that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

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 by the College during the period 1st August 2022 to 31 July 2023, as recorded in these financial statements, have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Dawson

For and on behalf of KPMG LLP, Reporting Accountant

Chartered Accountants

One Snowhill, Snowhill Queensway

Birmingham, B4 6GH

19 December 2023

LEICESTER COLLEGE

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2023

	Notes	Year ended July 2023	Year ended July 2022
		£'000	£'000
Income			
Funding body grants	2	36,796	36,578
Tuition fees and education contracts	4	4,050	4,678
Other grants and contracts	5	1,129	600
Other income	6	2,473	2,850
Investment income	7	228	27
		<hr/>	<hr/>
Total Income		44,676	44,733
Expenditure			
Staff costs	8	32,154	34,518
Restructuring costs	8	341	185
Other operating expenses	9	11,865	11,795
Depreciation	13	3,082	2,800
Interest and other finance costs	10	292	1,087
		<hr/>	<hr/>
Total Expenditure		47,734	50,385
		<hr/>	<hr/>
Deficit before other gains and losses		(3,058)	(5,652)
Surplus on disposal of assets		-	-
		<hr/>	<hr/>
Deficit before tax		(3,058)	(5,652)
Taxation	12	-	-
		<hr/>	<hr/>
Deficit for the year		(3,058)	(5,652)
Actuarial gain in respect of pension schemes	28	1,477	55,918
		<hr/> <hr/>	<hr/> <hr/>
Total Comprehensive Income for the year		(1,581)	50,266
		<hr/> <hr/>	<hr/> <hr/>

LEICESTER COLLEGE

STATEMENT OF COMPREHENSIVE INCOME (contd)
For the year ended 31 July 2023

	Notes	Year ended July 2023	Year ended July 2022
		£'000	£'000
Represented by:			
Unrestricted comprehensive income		(1,581)	50,266
Restricted comprehensive income		-	-
		<u>(1,581)</u>	<u>50,266</u>
Deficit for the year attributable to:			
Non-controlling interest Group		(3,058)	(5,652)
Total Comprehensive Income for the year attributable to:			
Non-controlling interest Group		(1,581)	50,266
		<u>(1,581)</u>	<u>50,266</u>

LEICESTER COLLEGE

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2023

	Income and Expenditure Account	Revaluation reserve	Total
	£'000	£'000	£'000
College			
Balance at 1 August 2021	(35,534)	6,645	(28,889)
Deficit from the income and expenditure account	(5,652)	-	(5,652)
Other comprehensive income	55,918	-	55,918
Transfers between revaluation and income and expenditure reserves	306	(306)	0
	50,572	(306)	50,266
Balance at 31 July 2022	15,038	6,339	21,377
Deficit from the income and expenditure account	(3,058)	-	(3,058)
Other comprehensive income	1,477	-	1,477
Transfers between revaluation and income and expenditure reserves	306	(306)	0
Total comprehensive income for the year	(1,275)	(306)	(1,581)
Balance at 31 July 2023	13,763	6,033	19,796

LEICESTER COLLEGE

BALANCE SHEET
As at 31 July

	Notes	2023	2022
		£'000	£'000
Fixed Assets			
Tangible fixed assets	13	48,100	47,820
		<u>48,100</u>	<u>47,820</u>
Trade and other receivables due after more than one year	14	421	429
Current assets			
Stocks		19	16
Trade and other receivables	14	4,214	3,245
Cash and cash equivalents	19	9,537	13,073
		<u>13,770</u>	<u>16,334</u>
Less: creditors - amounts falling due within one year	15	(11,038)	(12,301)
Net current assets		2,732	4,033
Total assets less current liabilities		51,253	52,282
Less: Creditors - amounts falling due after more than one year	16	(30,900)	(29,302)
Provisions			
Defined benefit obligations	18	-	(948)
Other provisions	18	(557)	(655)
Total net assets		19,796	21,377
Unrestricted reserves			
Income and expenditure account		13,763	15,038
Revaluation reserve		6,033	6,339
Total reserves		19,796	21,377

LEICESTER COLLEGE

BALANCE SHEET (contd)
As at 31 July

The financial statements on pages 39 to 73 were approved and authorised for issue by the Corporation on 14 December 2023 and were signed on its behalf on that date by:



.....

D Gillett
Chair



.....

V Hancock
Accounting Officer

LEICESTER COLLEGE

STATEMENT OF CASH FLOWS
For the year ended 31 July 2023

	Notes	2023	2022
		£'000	£'000
Cash outflow from operating activities			
Deficit for the year		(3,058)	(5,652)
Adjustment for non-cash items			
Depreciation		3,082	2,800
(Increase) in stocks		(3)	(2)
(Increase)/decrease in debtors		(1,063)	157
(Decrease) in creditors due within one year		(1,534)	(392)
(Decrease) in provisions		(48)	(57)
Release of deferred capital grants		(1,423)	(1,192)
Pensions costs less contributions payable		479	4,559
Adjustment for investing or financing activities			
Investment income		(228)	(27)
Interest payable		229	210
Loss on sale of fixed assets		2	24
		<hr/>	<hr/>
Net cash flow from operating activities		(3,565)	428
Cash flows from investing activities			
Proceeds from sale of fixed assets		1	-
Investment income		228	27
Payments made to acquire fixed assets		(3,240)	(1,576)
Receipts of deferred capital grant		3,596	133
		<hr/>	<hr/>
		585	(1,416)
Cash flows from financing activities			
Interest paid		(230)	(209)
New Loans		1,420	-
Repayments of amounts borrowed		(1,746)	(345)
		<hr/>	<hr/>
		(556)	(554)
(Decrease) /increase in cash and cash equivalents in the year			
		<hr/> (3,536)	<hr/> (1,542)
Cash and cash equivalents at beginning of the year	19	13,073	14,615
Cash and cash equivalents at end of the year	19	9,537	13,073

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021-2022* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

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

Going Concern

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

The financial statements have been prepared on a going concern basis, which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporate is of the opinion that, taking account of severe but plausible downsides, the College will have sufficient funds to meet its liabilities as they all due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

At 31 July 2023 the College had £4,936,000 of loans outstanding (Note 17) with £3,563,000 payable to Santander and £1,373,000 payable to the Department for Education. The loan payable to Santander is the remainder of a loan of £5.0 million taken out in 2017. It is repayable over 20 years and is subject to a fixed rate of interest for the first 10 years. The second loan was taken out with the DfE in March 2023 to settle a loan with Santander that had become due for refinancing. The amount advanced was £1,420k and it is repayable over 15 years at a variable interest rate of the PWLB (Public Works Loan Board) rate, fixed on an annual basis. The loan with Santander is secured on Block A of the Abbey Park Campus property on Painter Street. The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

At time of submitting statements, the College has conducted its autumn term reforecast and still continues to have sufficient cash balances for the following year.

Consequently, the Corporation is confident that the College will have sufficient funds to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

Basis of consolidation

In accordance with FRS102, the activities of the Student Union have not been consolidated because the College does not control these activities.

Recognition of Income

Revenue Grant Funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. 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. The 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions met.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is receivable.

Investment Income

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded.

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.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (contd)

Enhanced Pensions

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

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is transferred to the income and expenditure account on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 40 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 40 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993 as deemed cost, but not to adopt a policy of revaluations of these properties in the future.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (contd)

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis:

Equipment

Equipment costing less than £1,000 per individual item or £500 for personal computers is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight line basis over their useful economic life as follows:

- Plant and equipment - 5 to 25 years
- Motor vehicles - 5 years
- Computer equipment - 3 years
- Furniture, fixtures and fittings - 5 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 Statement of Comprehensive Income over the expected useful economic life of the related equipment. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (contd)

Borrowing Costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Investments

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial Liabilities and Equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (contd)

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and Contingent Liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Agency Arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

1. STATEMENT OF ACCOUNTING POLICIES (contd)

Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. 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.

- *Tangible Fixed Assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

2. FUNDING BODY GRANTS

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Recurrent Grants		
Education & Skills Funding Agency - adult	9,264	8,764
Education & Skills Funding Agency – 16-18	19,530	19,023
Education & Skills Funding Agency - apprenticeships	3,547	3,779
Office for Students	192	243
Specific Grants		
Releases of government capital grants	1,140	974
Education & Skills Funding Agency	3,077	3,744
Office for Students	46	51
Total	36,796	36,578

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
3. GRANT AND FEE INCOME - HE		
Grant income from the Office for Students	238	294
Grant income from other bodies	-	-
Fee income from taught awards (ex VAT)	1,033	1,592
Fee income from research awards (ex VAT)	-	-
Total	1,271	1,886

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

4. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Adult education fees	699	736
Apprenticeship fees and contracts	47	60
Fees for FE Loan Supported Courses	608	709
Fees for HE Loan Supported Courses	1,033	1,592
International Students' Fees	98	126
	<hr/>	<hr/>
Total Tuition Fees	2,485	3,223
Education contracts	1,565	1,455
	<hr/>	<hr/>
Total	4,050	4,678
	<hr/> <hr/>	<hr/> <hr/>

5. OTHER GRANTS AND CONTRACTS

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Erasmus	446	422
UK-based Charities	53	68
Other grants and contracts	630	110
	<hr/>	<hr/>
Total	1,129	600
	<hr/> <hr/>	<hr/> <hr/>

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

6. OTHER INCOME

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Catering and residences	661	619
Other income generating activities	526	462
Government capital grants	283	218
Miscellaneous income	1,003	1,551
	<hr/>	<hr/>
Total	2,473	2,850
	<hr/>	<hr/>

7. INVESTMENT INCOME

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Other interest receivable	228	27
	<hr/>	<hr/>

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

8. STAFF COSTS

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

	2023	2022
	No	No
Teaching staff	618	630
Non-teaching staff	595	610
	<u>1,213</u>	<u>1,240</u>

	2023	2022
	£'000	£'000
Staff costs for the above persons		
Wages and salaries	24,130	23,415
Social security costs	2,233	2,170
Other pension costs	<u>5,791</u>	<u>8,933</u>
Payroll sub total	32,154	34,518
Restructuring costs:		
Contractual	341	185
	<u>32,495</u>	<u>34,703</u>

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Principal, Deputy Principal, Vice Principals, Director of Human Resources and the Director of Governance and Policy. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key Management Personnel, Accounting Officer and other higher paid staff

	2023	2022
	No	No
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

1. STAFF COSTS (contd)

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

	Key Management Personnel		Other staff	
	2023	2022	2023	2022
	No	No	No	No
£60,001 to £65,000	-	-	3	2
£65,001 to £70,000	-	-	1	1
£70,001 to £75,000	2	2	3	-
£85,001 to £90,000	-	2	-	-
£90,001 to £95,000	2	-	-	-
£115,001 to £120,000	-	1	-	-
£125,001 to £130,000	1	-	-	-
£155,001 to £160,000	-	1	-	-
£170,001 to £175,000	1	-	-	-
	<u>6</u>	<u>6</u>	<u>7</u>	<u>3</u>

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries	624	594
Employer's National Insurance	79	76
	<u>703</u>	<u>670</u>
Pension contributions	144	135
Total key management personnel emoluments	<u>847</u>	<u>805</u>

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

There were no payments for loss of office made to key management personnel or other higher paid staff.

The above include amounts payable to the Principal and Chief Executive, who is the Accounting Officer and who is also the highest paid officer of:

	2023 £'000	2022 £'000
Salary	171	156
Pension contributions	40	37
	<u>211</u>	<u>193</u>

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

8. STAFF COSTS (contd)

The Corporation agreed to adopt the AoC Senior Post Holder Remuneration Code at a meeting on 4 April 2019. The remuneration of the Principal and CEO, and the Executive Leadership Team, is determined by the Corporation's Finance and General Purposes Committee in accordance with a Salary Review Framework, agreed each year with the Corporation. The Finance and General Purposes Committee makes a recommendation to the Corporation on the Principal's salary based on factors such as: the performance of the College against targets and objectives; the performance and contribution of the Principal and CEO who has an annual performance appraisal with the Chair and Vice Chair of the Corporation; and the market pay position. The salaries of the other members of the Executive Leadership Team are determined by recommendations from the Finance and General Purposes Committee to the Corporation based on sector bench marking.

The Finance and General Purposes Committee and Corporation receive data from the AoC's Annual Senior Pay survey to benchmark the Principal and CEO's salary and that of other SLT members.

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

	2023	2022
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.3	6.1
Principal and CEO's total remuneration as a multiple of the median of all staff	6.2	5.8

The members of the Corporation, other than the Accounting Officer and the staff member, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

9. OTHER OPERATING EXPENSES

	Year ended 31 July	Year ended 31 July
	2023	2022
	£'000	£'000
Teaching costs	5,017	4,703
Non-teaching costs	4,306	4,135
Premises costs	2,542	2,957
	<hr/>	<hr/>
Total	11,865	11,795

Other operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
- financial statements audit	72	58
- internal audit	27	25
Other services provided by the financial statements auditors	10	3
Other services provided by the internal auditors	10	-
Hire of assets under operating leases	328	311
Loss on disposal of assets	2	24
	<hr/>	<hr/>

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

10. INTEREST AND OTHER FINANCE COSTS –

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	229	210
Other interest		-
	<hr/>	<hr/>
	229	210
Interest on enhanced pension provisions brought forward	22	12
Pension finance costs (note 25)	41	865
	<hr/>	<hr/>
Total	292	1,087
	<hr/>	<hr/>

11. WRITE OFFS, LOSSES GUARANTEES, LETTERS OF COMFORT, COMPENSATION

There are no instances of spending or commitments which require disclosure.

12. TAXATION

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

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

13. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
<i>Cost or Valuation</i>				
At 1 August 2022	84,428	12,539	431	97,398
Transfers	292	109	(401)	-
Additions	289	1,827	1,249	3,365
Disposals	-	(336)	-	(336)
	-			
At 31 July 2023	85,009	14,139	1,279	100,427
	=			
<i>Depreciation</i>				
At 1 August 2022	39,629	9,949	-	49,578
Charge for the year	2,042	1,040	-	3,082
Elimination in respect of disposals	-	(333)	-	(333)
	-			
At 31 July 2023	41,671	10,656	-	52,327
	=			
<i>Net Book Value</i>				
At 31 July 2023	43,338	3,483	1,279	48,100
At 31 July 2022	44,799	2,590	431	47,820

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors.

If fixed assets had not been revalued, they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

14. TRADE AND OTHER RECEIVABLES

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	2,790	1,948
Prepayments and accrued income	711	627
Other debtors	182	136
Amounts owed by the ESFA	531	534
	<hr/>	<hr/>
Total	4,214	3,245

Amounts falling due after one year:

Prepayments and accrued income	421	429
	<hr/>	<hr/>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Bank loans and overdrafts	345	345
Payments received in advance	2,489	1,689
Trade payables	657	726
Other taxation and social security	743	998
Accruals and deferred income	3,316	3,310
Holiday pay accrual	363	359
Deferred income – government capital grants	1,404	1,257
Deferred income – government revenue grants	25	21
Amounts owed to the ESFA	1,696	3,596
	<hr/>	<hr/>
Total	11,038	12,301

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2023	2022
	£'000	£'000
Bank loans	4,590	4,916
Deferred income – government capital grants	26,310	24,386
	<hr/>	<hr/>
Total	30,900	29,302

17. MATURITY OF DEBT

Bank loans and overdrafts

Bank loans are repayable as follows:

	2023	2022
	£'000	£'000
In one year or less	345	345
Between one and two years	345	345
Between two and five years	3,347	1,035
In five years or more	898	3,536
	<hr/>	<hr/>
Total	4,935	5,261

The debt consists of two loans. One loan of £5m, current balance £3,563k, is repayable over 20 years and is subject to a fixed rate of 3.939% until October 2027. A second loan of £1.4m, current balance £1,373k, is repayable over 15 years at a variable interest of the PWBL rate, fixed annually. This loan was taken out in March 2023 to repay a loan with Santander due for refinancing. The loan £5m loan is secured on Block A of the Abbey Park Campus property on Painter Street.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

18. PROVISIONS

	Defined benefit obligations	Enhanced Pensions	Total
	£'000	£'000	£'000
At 1 August 2022	948	655	1,603
Expenditure in the period	2,934	(70)	2,864
Transferred from Income and Expenditure Account in the period	(3,882)	(28)	(3,910)
At 31 July 2023	0	557	557

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.80%	2.90%
Discount rate	5.00%	3.30%

19. CASH AND CASH EQUIVALENTS

	At 1 August 2022	Cash Flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	13,073	-3,536	9,537

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

20. CAPITAL COMMITMENTS

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	3,152	762
Authorised but not contracted at 31 July	6,498	3,897

21. LEASE OBLIGATIONS

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

	2023 £'000	2022 £'000
Future minimum lease payments due		
Land and Buildings		
Not later than one year	192	189
Later than one year and not later than five years	557	689
Later than five years	-	20
	<u>749</u>	<u>898</u>
Other		
Not later than one year	113	109
Later than one year and not later than five years	351	196
	<u>464</u>	<u>305</u>
Total lease payments due	<u>1,213</u>	<u>1,203</u>

22. CONTINGENCIES

The College has no contingent liabilities.

23. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

24. DEFINED BENEFIT OBLIGATIONS

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

Total pension cost for the year

	2023		2022	
	£'000	£'000	£'000	£'000
Teachers' Pension Scheme: contributions paid		2,461		2,394
Local Government Pension Scheme: contributions paid	2,934		2,884	
FRS 102 (28) charge	438		3,694	
	<hr/>		<hr/>	
Charge to the Statement of Comprehensive Income		3,372		6,578
		<hr/>		<hr/>
Total pension cost for the year		5,833		8,972
		<hr/> <hr/>		<hr/> <hr/>

The pension costs are assessed in accordance with advice of independent qualified actuaries. The latest formal actuarial valuations of the TPS was 31 March 2020 and the LGPS 31 March 2022.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

25. DEFINED BENEFIT OBLIGATIONS (contd)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other 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 FRS102 (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 FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming both funds are invested in notional investments that produce a real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, it is recommended that employer contribution rates increase to 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during currently). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 academic year.

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

The pension costs paid to TPS in the year amounted to £2,461,000 (2022: £2,394,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Leicestershire County Council. The total contribution made for the year ended 31 July 2023 was £3,652,000 (2022: £3,592,000) of which employer's contributions totalled £2,934,000 (2022: £2,884,000) and employees' contributions totalled £718,000 (2022: £708,000). The agreed contribution rates for future years are 24.5 % for employers and range from 5.5% to 12.5% cent for employees, depending on salary according to a national scale.

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

26. DEFINED BENEFIT OBLIGATIONS (contd)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2023 by a qualified independent actuary.

The CPI assumption has been updated to make allowance for inflation experience since September 2022 being higher than assumed. The impact of the change in methodology is an increase in the defined benefit obligation of approximately £3.5m based on a 0.2% increase in the CPI.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.50%	3.20%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Commutation of pensions to lump sums	50% for pre April 08 service 75% for post April 08 service	50% for pre April 08 service 75% for post April 08 service

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The life expectancies quoted below are based on lives aged 45 and 65 at the latest fund valuation and not at the balance sheet date. The assumed life expectations are:

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today -</i>		
Males	20.60	21.50
Females	23.70	24.00
<i>Retiring in 20 years -</i>		
Males	21.20	22.40
Females	25.30	25.70

LEICESTER COLLEGE

NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

27. DEFINED BENEFIT OBLIGATIONS (contd)

Local Government Pension Scheme (contd)

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair Value at 31 July 2023	Fair Value at 31 July 2022
	£'000	£'000
Equities	57,320	59,454
Bonds	34,191	31,777
Property	7,039	9,226
Cash	2011	2,050
	<hr/>	<hr/>
Total market value of assets	100,561	102,507
	<hr/>	<hr/>

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

	2023 £'000	2022 £'000
Fair value of plan assets	100,561	102,507
Present value of plan liabilities	(85,254)	(103,455)
Surplus in scheme	15,307	(948)
Effect of Asset Ceiling	(15,307)	-
	<hr/>	<hr/>
Net pensions liability (note 18)	0	(948)
	<hr/>	<hr/>

Financial Reporting Standard (FRS) 102.28.22 suggests that 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. FRS102.28 also notes that no additional liabilities shall be recognised in respect of deficit funding contributions. As minimum funding contributions (£2,745k) are higher than the future service costs (£2,135k), no surplus has been recognised.

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	3,317	6,555
Past service cost	55	23
	<hr/>	<hr/>
Total	3,372	6,578
	<hr/>	<hr/>

LEICESTER COLLEGE

Amounts included in interest and other finance costs

	2023 £'000	2022 £'000
Net interest cost	41	865
	<hr/>	<hr/>
	41	865
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NOTES TO THE ACCOUNTS
For the year ended 31 July 2023

28. DEFINED BENEFIT OBLIGATIONS (contd)

Local Government Pension Scheme (contd)

Amount recognised in Other Comprehensive Income

	2023	2022
	£'000	£'000
Return on pension plan assets	(3,513)	5,296
Changes in demographic assumptions	1,421	516
Changes in assumptions underlying the present value of plan liabilities	25,039	55,868
Other	(6,213)	(5,811)
Effect of Asset Ceiling	(15,307)	-
	<hr/>	<hr/>
Amount recognised in Other Comprehensive Income	1,427	55,869
Actual gain/(loss) on enhanced pension provision	50	49
	<hr/>	<hr/>
	1,477	55,918

Movement in net defined benefit liability during the year

Deficit in scheme at 1 August	(948)	(52,258)
Movement in year:		
Current service cost	(3,317)	(6,555)
Employer contributions	2,934	2,884
Past service cost	(55)	(23)
Net interest on the defined liability	(41)	(865)
Actuarial gain/(loss)	1,427	55,869
	<hr/>	<hr/>
Net defined liability at 31 July	-	(948)
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Asset and liability reconciliation

Changes in the present value of defined benefit obligations

Defined benefit obligations at start of period	103,455	146,414
Current service cost	3,317	6,555
Interest cost	3,649	2,383
Contributions by Scheme participants	718	708
Changes in financial assumptions	(25,039)	(55,868)
Changes in demographic assumptions	(1,421)	(516)
Other experience	2,841	5,811
Estimated benefits paid	(2,321)	(2,055)
Past service cost	55	23
	<hr/>	<hr/>
Defined benefit obligations at end of period	85,254	103,455
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LEICESTER COLLEGE

NOTES TO THE ACCOUNTS For the year ended 31 July 2023

29. DEFINED BENEFIT OBLIGATIONS (contd)

Local Government Pension Scheme (contd)

Reconciliation of assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	102,507	94,156
Interest on plan assets	3,608	1,518
Return on plan assets	(3,513)	5,296
Employer contributions	2,934	2,884
Contributions by scheme participants	718	708
Other Experience	(3,372)	-
Estimated benefits paid	(2,321)	(2,055)
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Assets at end of period	100,561	102,507
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30. RELATED PARTY TRANSACTIONS

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

During the year, the College received £535,000 (2022: £510,000) in grants from the Office for Students.

Verity Hancock is a Non-Executive Director of the Board of the Office for Students.

During the year, the College paid £2,000 (2022: £1,500) to the St. Philip's Centre for contribution to the student personal development offer.

Tom Wilson is the Director of St. Philip's Centre.

During the year, the College paid £21,600 (2022: £nil) to the National Space Centre for studio facilities hire.

Verity Hancock is a trustee at the National Space Centre.

During the year, the College paid £23,424 (2022: £15,480) to the Leicester Community Sports Arena Ltd for premises hire.

Verity Hancock is a Board Director for the Leicester Community Sports Arena Ltd.

During the year, the College paid £34,541 (2022: £34,812) to the Skills and Education Group for exam fees.

Verity Hancock is a Board Director and Trustee for the Skills and Education Group.

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The total expenses paid to or on behalf of the Governors during the year was £983; 2 governors (2022: Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: none).

31. AMOUNTS DISBURSED AS AGENT

Learner Support Funds

	2023	2022
	£'000	£'000
Funding body grants – bursary support	541	505
Disbursed to students	(506)	(474)
Administration costs	(35)	(31)
	<hr/>	<hr/>
Balance unspent as at 31 July, (included in creditors)	0	0
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Funding Body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.