



LEEDS COLLEGE OF BUILDING GROUP

MEMBERS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 JULY 2020**

2019/2020



*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

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The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of Appointment/ Renewal	Date of Resignation	Status of Appointment	Committees Served	*Board Attendance
Mrs Julia Evans - Chair of Board	April 2018	N/A	External	Performance & Remuneration	83%
Mr Mike Berry	August 2017	October 2020	External	Search and Governance and Capital Working Group	100%
Mr Derek Whitehead	January 2019	N/A	Principal & CEO	Student Liaison, Search and Governance and Capital Working Group	100%
Mr Simon Bray	February 2018	N/A	Staff Governor	Student Liaison	100%
Mr Andrew Kenny	August 2017	N/A	External	Audit, Student Liaison and Capital Working Group	83%
Dr Ivan Nip	April 2016	March 2020	External	Audit and Capital Working Group	80%
Mr Peter Norris	February 2017	N/A	External	Audit, Search and Governance and Performance and Remuneration	83%
Mr Derek Packer	May 2018	N/A	External	Student, Liaison, Search and Governance and Capital Working Group	100%
Mr Mark Roper	August 2019	N/A	External	Capital Working Group	50%
Prof Dave Russell	May 2018	N/A	External	None	83%
Ms Rachel Lindley	September 2018	N/A	External	Audit and Student Liaison	83%
Ms Caroline Meehan	January 2019	N/A	External	None (Lead Governor Safeguarding and Prevent)	33%
Ms Sarah Wilson	January 2019	N/A	External	Audit	67%
Ms Jackie Wignall	April 2019	N/A	Staff Governor	Search and Governance and Student Liaison	83%
Mr Mark Scott	November 2019	N/A	External	None	60%
Mr Sam Johnson	September 2019	October 2019	Student Governor	Student Liaison	100%
Mr Ryan Cordingley	February 2020	July 2020	Student Governor	Student liaison	17%
Ms Melanie Tyson	December 2019	November 2020	External	Audit	50%
Ms Clare Harrigan	June 2018	N/A	External	Co-opted to Search and Governance Committee	N/A

* Board attendance is based on the six Board meetings undertaken in 2019/20, which was less than scheduled due to College closure following COVID-19 lockdown.

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Professional advisers

Financial statements auditors:	Grant Thornton UK LLP No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN
Regularity auditors:	Grant Thornton UK LLP No 1 Whitehall Riverside Whitehall Road Leeds LS1 4BN
Internal auditors:	ICCA LLP Charles House Great Charles Street Queensway Birmingham B3 3HT
Bankers:	NatWest Bank 8 Park Row Leeds LS15 5HD
Solicitors:	Eversheds LLP Bridgewater Place Water Lane Leeds LS11 5DR Walker Morris LLP 33 Wellington Street Leeds LS1 4DL

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Operating and Financial Review

Nature, Objectives and Strategies

The members' present their report and the audited financial statements for the year ended 31 July 2020. These consolidated financial statements incorporate the results of the two trading subsidiaries, LCB Enterprises Limited and Achieve Through Learning Limited.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Leeds College of Building (LCB). The College is an exempt charity for the purposes of the Charities Act 2011.

Public Benefit

Leeds College of Building is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 2. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. 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. 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
- Excellent employment record for learners
- Strong learner support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Mission:

The College's mission as approved by its members is: "Inspiring lives and building futures", ensuring learners / Apprentices are at the centre of all thinking and decision making, together with ensuring LCB provides a broad curriculum offer to meet their needs and employer demand.

College Values:

Respectful	– to value diversity, care for and support each other and the environment
Aspirational	– to achieve excellence in all we do
Accountable	– to be responsible for our actions
Inspirational	– to be creative and innovative in all we do
Enjoyable	– to have fun and succeed.

College Vision:

"To be the college of choice for construction and the built environment; making a difference to the lives of our learners and the wider society".

Strategic Aims:

- Offering the highest quality education and learner experience
- Creating and maintaining mutually beneficial relationships with strategic partners
- Developing our staff and ways of working
- Focusing on sustainable finances through strong leadership and management.

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Operating and Financial Review *(continued)*

Financial objectives

The College's financial objectives are:

To continue to be a well-resourced Centre of Excellence as measured by the following KPI's:

	2019/20 Actual	2018/19 Actual
Cash balance	£2,060,000	£1,311,000
Adjusted Current ratio	1.23:1	0.79:1
Dependency on Grant income	64%	64%
Pay as a % of income (excluding FRS 102 pension costs)	59%	57%
Adjusted Cash days in hand	39	25

The College embarked on construction of its South Bank 1 campus in 2016/17 and completed and started teaching in 2018/19. The effect on finances was known and budgeted and resulted in the College being put in to "Early intervention" by the ESFA. The plan, post completion was to return to "good" financial health which the College did, earlier than planned, in 2018/19. The College was taken out of "Early Intervention" by the ESFA in November 2020.

The budget for 2019/20 was set to build on the "good" financial health achieved the previous year, increase cash balances, and put the College in a more robust position should adverse conditions return in the future. Clearly no one could have foreseen the global pandemic that meant "lockdown" in March 2020. The College closed and moved support services to be undertaken remotely as did teaching and learning and it is great credit to all that this was done with little notice and with much success. The College started to open to a few learners in July 2020 and concentrated on those whose exams could not be teacher assessed and who were in their final year. There are many learners whose end point assessment (EPA) could not be delivered in 2019/20 and the teaching staff are trying to cope with bringing them back in to College whilst re-opening and welcoming new and returning learners to a very different College life. This is ongoing and the College is fully committed to getting as many to achieve as possible.

Despite all the issues, the budget for 2020/21 was produced with a reduction in continuing apprentices and new starts compared to the previous year. Enrolments at the time of writing look strong and above the new target set. The challenge is continuity of learning and trying to ensure disruption for isolating does not materially affect teaching and learning.

The Group generated an operating surplus in year of £174,000 (2018/19: surplus £101,000). The surplus would not have been materially different had COVID-19 not happened.

The Group has accumulated reserves of (£2,706,000) (2018/19: £3,623,000).

Tangible fixed asset additions during the year amounted to £250,000.

The College has significant reliance on the Education & Skills Funding Agency for its principal funding source.

The College has two subsidiary companies, LCB Enterprises Ltd which was set up as a design and build company to deliver the College's long-term accommodation strategy and Achieve Through Learning Ltd (ATL), a training provider operating from the College premises in Leeds. In January 2020, the Corporation decided to close ATL after a long period of poor enrolments following the changes to Apprenticeship funding in 2017. The College agreed the existing contracts would be novated to Leeds College of Building in May 2020 and the current year end of July 31st 2020 will be the final year for ATL.

Transparency arrangements

The Corporation operates a policy style of governance where the Board meet nine times a year with a small number of sub-committees operating with specific functions; Search & Governance, Audit, Student Liaison and Performance & Remuneration.

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Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Transparency arrangements *(continued)*

The Corporation ensures its arrangements are transparent by including all key governance policies and procedures on the College website together with minutes of meetings (once approved by the Chair). These are also available from the Clerk to the Corporation who maintains a register of financial and personal interests of the governors which is also available for inspection at the College's main site. Information outlining how the College engages with key stakeholders is also available on the website.

Treasury policies and objectives

Treasury management is the management of the College's cash flow, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Short-term borrowing for temporary revenue purposes can be authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the financial memorandum as revised from 1 April 2012.

Cash flows

Operating cash inflow was £1,944,000 (2018/19: inflow £1,470,000).

Reserves

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 reserve, excluding pension deficit, stands at £10,964,000 (2018/19: £9,449,000). The reserves including pension deficits has resulted in a net liability on the balance sheet of (£2,706,000).

Current and Future Development and Performance

Quality of Teaching & Learning

Following the past Ofsted Inspection (reported in the previous year's Members' report and financial statements), at which the College was graded 2 (Good) for all areas of provision, the College continues to focus on further improving the quality of teaching, learning and assessment. The College has appointed seven Advanced Practitioners and continued to offer developmental CPD up to the point of lock down. From 23 March onwards, the College was closed to all face-to-face teaching for the rest of the academic year and opened again post year-end. A significant step forward in digital teaching and learning was taken at pace, with teachers, assessors and support workers shifting to delivering a mixture of live lessons, pre-recorded lessons and 1-2-1 support. The ability to shift quickly to online learning supported the full-time learners, adult learners and Apprentices to continue in their learning throughout the national lockdown.

Observations of Teaching, Learning & Assessment (OTLA)

From the start of the 2019-20 academic year, the College changed its lesson observation model to reflect the shift in teaching practice. The revised model was an interim step towards a longer-term model which focuses purely on development but was necessary to support preparations for the anticipated Ofsted inspection. The interim model removed grading criteria completely and instead focused on areas of strength and areas for improvement within in each observed session. Where necessary, Advanced Practitioners supported colleagues with an identified action plan.

Prior to the national lockdown in March 2020, 73 lesson observations had taken place. This represented 65% of all teaching staff. 83% of observations were considered not to require any further actions (Good or better), with 5% requiring a focused learning walk and 12% requiring a full re-observation. Of the 12%, all were re-observed and only one required a second full re-observation. All of the remaining had engaged with support proactively and improved the teaching and learning practices observed.

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Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Observations of Teaching, Learning & Assessment (OTLA) *(continued)*

Given that the observation team was asked to focus on staff who had been graded as Amber or Red under the previous observation system in the first observations, the above is pleasing and indicates that teaching across the College is good or better. This correlated with the external findings during the Ofsted inspection in October 2019.

A long-term revised model is now in place for the 2020-21 academic year.

Customer Satisfaction

Overall, the external learner satisfaction surveys and internal employer survey shows a positive picture for Leeds College of Building. The picture is limited for this academic year however as a number of external surveys were cancelled.

The internal employer survey shows the continuation of very high satisfaction levels, with 94% of employers stating that the training received is having an impact on their business.

The FE Choices Employer Survey results was suspended for 2019-20 as was the FE Choices Student Survey.

The HE National Student Survey (NSS) shows a decline in performance to -2% below the national average however this accounts for 5% of all Higher Education provision in the College. Internal surveys of these learners shows a 90% satisfaction level with their teaching and experience on the programme.

The internal student surveys carried out in November 2019 indicated the following high satisfaction levels:

Key Performance Indicator	November 2019
I enjoy being at College	93%
I feel safe	98%
Teaching & Learning	95%
Assessment	96%

External Verifier / Moderator Reports

All external verifier and moderator reports for the academic year 2019-20 showed full compliance with Awarding Organisation requirements and were very positive. Curriculum staff worked very positively with the changes to Awarding Organisation requirements of calculated grades and moderated assessments, ensuring no learner was disadvantaged due to the national lockdown.

External verifiers commented on the high quality of learner work and on the feedback provided by teachers.

All recommendations are actioned following the visit report and key areas of good practice and areas for improvement are picked up through the College's quality system.

Learner numbers

In 2019/20 the Group has delivered activity that has produced £6,816,000 in main Education and Skills Funding Agency (ESFA) funding (2018/19: £6,746,000). The College had 4,302 (2018/19: 4,184) Education and Skills Funding Agency funded learners and 1,632 (2018/19: 2,196) non-Education and Skills Funding Agency funded learners.

Learner achievements

Education programmes for Young People

16-18 achievement has maintained its improved position in 2018/19 to 74.4%. Achievement on GCSE programmes and Functional Skills programmes are much improved and moving towards the national average.

Adult Learners

19+ achievement has remained high at 89% (89.5% in 2018/19). Again, improvements on basic skills programmes are also notable in this age group.

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Operating and Financial Review *(continued)*

Current and Future Development and Performance

Learner achievements

Apprenticeships

Overall Apprenticeship rates have remained above the national average at 72.6% (national 66.2%).

Subcontracting

Subcontracting for Apprenticeships has reduced slightly but remains stable at 73.2% (74.8% in 2018/19). Subcontracting for the Adult Education Budget also remains high at 91% Achievement rates (94.2% in 2018/19).

The College continued sub-contracting arrangements in Adult Education and Apprenticeship provision, with five private training organisations and nine colleges to meet employer / learner demand, including meeting the demands of national companies that the College works with.

Collaboration with employers, the community and suppliers

Excellent support from employers ensured that many Study Programme learners had experience with employers, prior to the national lockdown. This included external work placements, site visits, demonstrations, and product testing and employability skills development through mentorship programmes and careers events. The continued partnership working with CEG at Kirkstall Forge and other local developments helped support several visits and training activities to support new and existing learners.

Manufacturers from the construction and built environment sector continue to significantly support the College and its learners through sponsorship, demonstrations, and guest speakers. The Interior Systems development is a great example of manufacturer collaboration that directly benefits the learners, College and industry. Other manufacturers that have generously supported the College are Monument Tools, Valour Fires, Dimplex Heating, SELCO Building Supplies, BAXI, Vokera Boilers, Gypsum Plaster, Thomas Dudley and Redland.

Celebrating Learner Achievement

College staff, employers and families throughout the year have supported many learners that have progressed to various competitions, which include:

Yorkshire & Humber Apprenticeship Awards

- Joe Groves – Intermediate Apprentice of the Year – First Place
- Connor Coupland – Advanced Apprentice of the Year – Highly Commended

Intelligent Transport Systems (UK) Apprentice Essay Writing Award

- Joe Lungley – First Place

CIHT Yorkshire & Humber Apprentice of the Year

- David Powell – First Place
- Lynsey Turner – Highly Commended
- Viren Lad - Commended

ECA Edmundson Electrical Apprentice Awards

- Dean Callaghan – Runner Up

UK National BSE Apprentice of the Year (BESA)

- Ethan Addis - Winner

Electrical Apprentice of the Year (BESA)

- Heather Lockwood – Winner

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Operating and Financial Review *(continued)*

Current and Future Development and Performance *(continued)*

Celebrating Learner Achievement *(continued)*

Asian Apprentice of the Year (Construction Services) 2019

- Alyssia Samra - Winner

Construction News Talent Awards – Apprentice of the Year

- Jordan Woods – Winner

World Skills UK

Roof Slating & Tiling

- Joe Osbourne – Silver Medal

Painting & Decorating

- Lewis Boyle – Silver Medal
- Abigayle Johnson – Bronze Medal

Plasterers Awards

- Jake Paul – nominated for Student of the Year 2019
- Jake Emery – nominated for Apprentice of the Year 2019

CIBSE Yorkshire Student of the Year

- Josh Barker – shared first place

Sparks Apprentice of the Year

- Arkadiusz Duda – First Place

In addition, 50 award winners received their awards at the College's BIG Awards Ceremony at Leeds Town Hall in October 2019.

Attendance Awards

All learners achieving 100% attendance across the College were included in various prize draws through the College's attendance initiative to help support improvements in attendance across the whole College.

College Awards / Staff Awards

- Rate my Apprenticeship – Training Provider of the Year – second place
- FE Week & AELP AAC Apprenticeship 2020 Awards – Apprenticeship Provider of the Year – first place

Other College-wide Achievements

- Re-accreditation of Matrix Standard (Information, Advice & Guidance)
- Opening of the new Interior Systems area (August)
- Second place in the national "Rate my Apprenticeship Awards" – only FE College in the top 50.

Future Curriculum Developments

The College works with a wide range of employer networks, sector representatives and large employers to support development of programmes, which has successfully led to significant Apprenticeship growth, most notably on Higher Level Apprenticeships. Degree Apprenticeship developments continue, in conjunction with Leeds Beckett University and new Standards in Interior Systems and Construction Contracting Operations are also being developed.

For Study Programmes, the College continues to develop and increase access to work placements, which allows the learners to develop essential employability skills. All learners now study GCSE English and maths, with progress improving to a positive position and high grades being around the national average.

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Operating and Financial Review *(continued)***Current and Future Development and Performance** *(continued)***Future curriculum developments** *(continued)*

T Levels are in development, for first enrolment in September 2020 nationally. For the College, it is essential that preparations for T Levels advance so that the curriculum is fully developed by the anticipated start date of 2022. This work is now underway, with a project group and liaison with the ESFA.

Resources:

The Group has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include:

Financial:

The Group has cash balances of £2,060,000 as at 31 July 2020.

People:

The Group employs 312 people (expressed as full-time equivalents), of whom 155 are teaching department staff.

Reputation:

The College has an excellent reputation locally, regionally and nationally. Maintaining a quality brand is essential for the College's success in attracting learners and maintaining external relationships.

Payment performance:

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The College incurred no interest charges in respect of late payment for this period. The College estimates that approximately 85% of invoices / suppliers are paid within 30 days.

Events after the end of the reporting period:

There are no significant post balance sheet events.

Principal Risks and Uncertainties:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Business Continuity Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness. In addition to the annual review, the Business Continuity Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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Operating and Financial Review *(continued)*

Current and Future Development and Performance *(continued)*

Principal Risks and Uncertainties *(continued)*:

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below are the Top Risks recorded on the Risk Register. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- Impact of a pandemic on the operation of the College
- Implementation of continuous changes in curriculum
- Companies / organisations not paying invoices due to potential financial difficulties
- Failure to meet Bank Covenants
- Maintaining Higher Apprenticeships and control of delivery of Levels 4, 5 and 6 (Degree Apprenticeships)
- Threat of College computer systems being hacked
- Threat of College computer systems being targeted by a virus or malware
- Learner Retention, Achievement, Success and Framework completions.

The sector is facing increased uncertainty over future levels of funding and this has increased the risk of going concern issues across the sector. The Governors and Executive team have reviewed the appropriateness of the going concern assumption as a basis for the preparation of these accounts (see page 14 for further details).

Government funding

The Group has considerable reliance on continued government funding through the education sector funding bodies. In 2019/20, 64% of the Group's revenue was ultimately public funded and this level of requirement 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.

The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy has significantly affected that marketplace.

The risk is 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 is 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 funding bodies and with the successor agencies.

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Operating and Financial Review *(continued)***Tuition fee policy**

The College Governing Body sets the level of tuition fees for each financial year. The level of co-funding reduction, demand for courses and learners' ability to pay along with current economic conditions are key elements in this decision.

Maintain adequate funding of pension liability

The financial statements report the share of the local Government pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed deficit recovery plan with the West Yorkshire Pension Fund.

Accommodation

Having completed its South Bank 2 campus in 2018/19 the only accommodation expenditure in year was dealing with the various defects and the purchase of the remainder of IT equipment required. The COVID-19 pandemic halted much of the progress in finalising the defects and S278 works and these are now scheduled in for December 2020 – March 2021, subject to lockdown restrictions.

Going Concern

The College has completed its ambitious accommodation strategy (£31m) and finished its South Bank 1 and 2 buildings. Despite this the College returned to "Good" financial health in 2018/19 (180 pts) and followed this with "Good" (220 pts) in 2019/20. 2019/20 was, for everyone, a difficult year with COVID-19 and this continues into 2020/21. The College prepared four versions of the budget that dealt with a variety of scenarios from "no change" to dramatic reductions in recruitment. The Corporation approved a budget at its July 2020 meeting that reduced apprenticeship recruitment significantly and assumed modest growth in 16-18 full time whilst anticipating larger growth due to a potential increase in youth unemployment. Early indications are very good, and numbers exceed plan in every area which is a very positive start to the year. The challenge for Leeds College of Building, as with all colleges, is to maintain continuity of teaching and make sure learners are retained and achieve.

Cash flows have been modelled as part of each budget version and at no point is the cash position a concern for the College over the life of the plan. The College strategy to rebuild cash balances post new builds is working and getting stronger each year, hence the "good" financial health rating.

The College has been taken out of "early intervention" by the ESFA in November 2020, yet further evidence of their confidence in the College financial position.

Bank covenants were easily met in 2019/20 and continue to be so for the plan adopted and any reasonable sensitivity applied.

The College believes it has considered all known possibilities and is as confident as it can be that it will continue throughout 2020/21 and beyond. On that basis it has adopted the going concern basis for the preparation of its account.

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Operating and Financial Review *(continued)*

Human Resources

The Human Resources Unit, like many other areas, has experienced a very different year in 2019/20. In the first half of 2019/20 the Unit continued to focus on delivering the College's 'People Strategy' which provides the following framework:

- **Attract** and **recruit** the best staff
- **Develop** and **support** our staff to fulfil their potential
- **Retain** and **reward** staff by recognising their contribution to the College's Vision
- Drive a **high performance** culture amongst our staff
- Promote excellence in **leadership** and **management**
- Create and maintain a **progressive, collaborative and healthy working environment**

During the first half of 2019/20 HR activities included:

- Initiating and supporting the delivery of an ILM Level 3 and Level 5 leadership and management qualification for aspiring and existing managers.
- Supporting the delivery of an extensive teaching & learning CPD programme utilising monies from the Strategic College Improvement Fund (SCIF)
- Delivery of a Training Day in September 2019 aimed at Teaching and Learning staff.
- Continued improvements to the recruitment & retention process
- Delivery of the BE LCB cultural project within the College
- Implementation of the LCB staff benefits package.

During the second half of 2019/20 HR activities primarily focused on supporting the College generally and staff specifically in relation to the impact of COVID-19:

- Developing and co-ordinating the College 'COVID-19 Secure' Risk Assessment
- Proactively keeping up to date with fast changing circumstances and guidance related to COVID-19
- Developing and supporting the delivery of online learning & development activities and mental wellbeing activities for all staff
- Supporting staff who are extremely clinically vulnerable, clinically vulnerable or have family members within these categories
- Instigating and supporting the delivery of the i-act Approved Managers Course for all College managers which is a recognised course assisting managers to manage and promote positive mental health and wellbeing.

In terms of staff numbers, the headcount of staff has increased slightly at the end of 2019/20 by 0.73% (when compared to 2018/19) to 413 employees, whilst the full-time equivalent has decreased by 2.15% to 307.13 FTE. Staff turnover fell to 10.93% from 18.02% in the previous year which is likely to be due to the COVID-19 pandemic, as there has been uncertainty in the job market.

The College published its third Gender Pay Gap Report which showed that our mean pay gap is 22.4% (the difference between the mean hourly rate of pay of male employees and that of female employees) which is a 1% reduction compared to the previous year and our median pay gap is 30.4% (the difference between the median hourly rate of pay of male employees and that of female employees) which is a 1.1% reduction compared to the previous year.

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Operating and Financial Review *(continued)*

Principal

The former Principal, Ian Billyard, retired on 31 December 2018 and was replaced by Derek Whitehead who is now Principal and Chief Executive.

Stakeholder Relationships

In line with other colleges and with Universities, Leeds College of Building has many stakeholders. These include:

- Learners;
- Funding Councils;
- Staff;
- NatWest Bank;
- Local employers (with specific links);
- Local Authorities;
- Government Offices / Local Enterprise Partnerships;
- The local community;
- Other FE institutions;
- Trade unions and Professional bodies.

The College recognises the importance of these relationships and engages in regular communications with them.

Equality, Inclusion and Safeguarding (including Prevent)

The College continues to proactively encourage a culture of respect amongst learners from different backgrounds and promotes equality of opportunity throughout the year. The College put in place several initiatives to help learners to foster good relations with each other. This was achieved through the College's Learner Induction Programme and Safeguarding Tutorials. These programmes help shape positive learner attitudes around anti-social behaviour.

The College took effective steps to tackle harassment, victimisation and bullying and the vast majority of learners said they feel safe and protected from discrimination. This conscientious and effective approach to tackle harassment, victimisation and bullying has helped to ensure that learners feel safe and protected from discrimination.

The College also promotes safeguarding issues effectively to learners and learners feel safe and know how to raise concerns. Staff talk to learners about bullying, cyber bullying and harassment at Induction and address any issues quickly and effectively.

Some of the key strengths in these areas include:

- External partnerships for Safeguarding and Prevent continue to be strong and are in place with the Local Authority, Police, Channel Programme and the Counter Terrorism Unit.
- Information on how to keep safe is promoted and discussed with learners and staff through Safeguarding and Police Officer inductions.
- The College has a range of innovative high-quality resources and training activities to enhance learners' and apprentices' understanding of equality, diversity and British values. The resources have been shared with other colleges nationally and with the Leeds Local Authority.
- The Preparing for Life in Modern Britain programme develops the learners' personal, social, employability and written English skills as well as reinforcing learners' understanding of diversity and safeguarding,

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Operating and Financial Review *(continued)*

Equality, Inclusion and Safeguarding (including Prevent) *(continued)*

Safeguarding

- The promotion of Safeguarding (including Prevent) and equality issues is good and learners feel safe.
- The College complies with the DfE Keeping Children Safe in Education requirements.
- Following the COVID-19 National Lockdown, the College published a list to all managers of learners who are looked after or who are experiencing serious safeguarding. Staff keep in regular contact with those learners to ensure they continued to be safe and that they were supported through the lockdown and also the summer break.
- The College Police Officer also carried out a number of home visits during the Lockdown to support learners who were at immediate risk of harm and those learners who were missing from education.

Types of Safeguarding Cases (2019/20)	Number	%
Substantial safeguarding issues – Serious risk of harm	68	22.74
Safeguarding enquires carried out	33	11.04
Number of Children who are Looked After (in care)	23	7.69
Supporting the rehabilitation of Offenders	84	28.09
Prevent (extremism / terrorism / radicalisation) Referrals	3	1.00
Applications for courses in 2020/21 which have safeguarding issues.	25	8.36
Police Officer Cases	63	21.07
Total	299	100

Disability inclusion for staff and inclusive learning support for learners

Staff

The College complies with the Disability Confident scheme and the Department for Work and Pensions confirms the College has the skills, examples and confidence needed to recruit, retain and develop disabled employees. A range of assistive technology and reasonable adjustments are made for disabled staff to ensure everyone can continue to access employment at the College.

Learners

A range of assistive technologies, support and guidance is provided to learners who have disabilities, learning difficulties or mental ill health. Some of this includes:

- Information, Advice and Guidance (IAG) concerning additional learning support and access arrangements is provided to learners on application and enrolment.
- A range of assistive technology is available to learners who have disabilities through the library and the Inclusive Learning Support team.
- Specialist staff in the Inclusive Learning Support team provide a range of support to meet the specific needs of learners who have learning difficulties and/or disabilities.
- There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- The achievement gap between learners who have disabilities or learning difficulties has closed and this learner group often achieve at a higher rate when compared with learners who do not have disability.

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Operating and Financial Review (continued)

Equality, Inclusion and Safeguarding (including Prevent) (continued)

Number of learners who disclosed disabilities in 2019/20:

Total Learners: 5615

Learners Who Declared Disability/Learning Difficulty: 1466

No Disability/Learning Difficulty: 4040

No Information Provided: 109

Disability/Learning Difficulty	Total	%
Speech, Language and Communication Needs	25	0.45
Other disability	20	0.36
Temporary disability after illness (for example post-viral) or accident	10	0.18
Social and emotional difficulties	126	2.24
Hearing impairment	48	0.85
Dyscalculia	24	0.43
Other specific learning difficulty (e.g. Dyspraxia)	26	0.46
Other medical condition (for example epilepsy, asthma, diabetes)	554	9.87
Profound complex disabilities	1	0.02
Not provided	3	0.05
Asperger's syndrome	10	0.18
Disability affecting mobility	30	0.53
Dyslexia	531	9.46
Other learning difficulty	75	1.34
Autism spectrum disorder	39	0.69
Other physical disability	30	0.53
Emotional/behavioural difficulties	4	0.07
Moderate learning difficulty	89	1.59
Mental health difficulty	211	3.76
Severe learning difficulty	5	0.09
Vision impairment	49	0.87
Prefer not to say	1	0.02

*Some Learners declare more than one. The header is learners, the table is instances.

Workforce learning and development activities relating to Equality, Inclusion and Safeguarding (including the Prevent Duty)	Number of staff who attended
Training course staff have attended:	
Online Safeguarding Training (pre-employment & refresher training)	245
Online equality & inclusion training	49
Online Prevent training	43
Safeguarding & Child Protection Induction	46
(WRAP) Workshop to Raise Awareness of Prevent	46
Equality & Inclusion & British Values Training	44
Preparing for Life in Modern Britain Training (Teaching staff only)	10
Level 2 Designated Safeguarding Officer training	9
ASIST (Applied Suicide Intervention Skills) training	1
Trauma Informed Practice	1
Introduction to Adverse Childhood Experiences	2
Teaching Students who have suffered complex trauma	1
Attachment in Education (Trauma Informed Practice)	4
ACT Awareness (Counter-Terrorism)	2
Psychological First Aid COVID-19	1
Suicide Awareness	1
Dealing with Distress: Working with Suicide & Self-Harm	2
Zero Suicide Alliance (Suicide Prevention Training)	2
Youth Mental Health First Aid	1
Gambling Awareness	37
Knife Crime Awareness	172
Safer Recruitment Training	8

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Operating and Financial Review *(continued)*

The Trade Union (Facility Time Publication Requirements) Regulations 2017

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 employed in the relevant period	FTE employee number
4	3.70 FTE

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

Total cost of facility time	£7,174
Total pay bill	£12,381,000
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	10.91%
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Future Developments:

Learner numbers are looking very positive at the beginning of 2020/21 compared to the approved budget on Apprenticeships, full time 16-19 and Higher Education (HE) numbers all above target.

The budget set for 2020/21 is challenging with assumptions made concerning Apprenticeships the key to success. The impact of COVID-19 will largely depend on how long the pandemic continues with retention and achievement the key concern at the time of writing.

The College plans over the next few years are to grow Apprenticeships, 16-19 and HE numbers along with the introduction of T Levels and Degree Apprenticeships. There will be a final stage accommodation strategy to replace the North Street building with a new "phase 3" building within 10 years, subject to available capital. Following the successful development of its South Bank Phase 1 and 2 buildings the College will continue to set budgets that increase cash balances and increase resilience.

Approved by order of the members of the Corporation on 15 December 2020 and signed on its behalf by:

Julia Evans

Julia Evans OBE
Chair

*Leeds College of Building
Members' report and financial statements
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Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020, and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

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

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. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. 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, which it formally adopted in May 2019.

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.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, safeguarding and Prevent matters and personnel related matters such as health and safety and environmental issues. The Corporation normally meets nine times a year. Due to COVID-19 this did not happen from between March 2020 and June 2020 with three meetings held remotely between the Chair, Vice Chair and Principal, with meeting notes sent out to Governors. In addition, numerous meetings took place between the Principal, Chair and Vice Chair, with notes circulated to Governors for information.

The Corporation conducts its business through the Board and a number of Committees. Each Committee has terms of reference, which have been approved by the Corporation. These Committees are Audit, Performance & Remuneration, Search and Governance and Student Liaison. Minutes, except those deemed to be confidential by the Corporation, are available on the College website or from the Governance Adviser and Clerk to the Corporation at:

Leeds College of Building, North Street, Leeds LS2 7QT

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

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

*Leeds College of Building
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Statement of Corporate Governance and Internal Control *(continued)*

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.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee comprising of six members who are responsible for the identification, selection and nomination of any new member for the Corporation's consideration (in line with the Board's skills needs). The Corporation is responsible for ensuring that appropriate training is provided as required.

Corporation performance

The Corporation undertook a range of activities on the evaluation of its own performance for the year ended 31 July 2020 which included a review of Chair survey, a review of the English Colleges Code of Good Governance and Annual Attendance report. This evaluation activity is considered by Search and Governance Committee at the first meeting in 2020/21 and informs the subsequent governance development programme. The Board self-assessment survey, Annual Skills Survey and one to one performance review discussions with the Chair / Vice Chair were suspended in 2019/20 due to the exceptional and unprecedented circumstances involved with the COVID-19 pandemic and given that the membership (and skill set) of the Board has not materially changed in 2019/20 (other than the addition of industry-based members with teaching and accounting skills).

Performance & Remuneration Committee

Throughout the year ended 31 July 2020, the College's Performance and Remuneration Committee comprised the Chair of the Corporation (the Committee was Chaired by the Vice-Chair of the Corporation). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders. Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

The Committee considered the draft AoC Senior Post Holders Remuneration Code in December 2018, referred the final version of the Code to Search and Governance Committee on 12 March 2019, who subsequently recommended it to Board. The AoC Senior Post Holder Remuneration Code was formally adopted by the Board on 19 March 2019. The Search and Governance Committee on 12 March 2019 referred the Remuneration Code to Performance and Remuneration Committee for compliance considerations and the Performance and Remuneration Committee considered an Annual Remuneration Report (in line with Code requirements) at its meeting on 14 July 2020.

Audit Committee

The Audit Committee comprised of five members of the Corporation during 2019/20 (excluding the Accounting Officer and Chair of the Board). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal 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 ESFA, OfS and its successor organisations, as they affect the College's business.

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

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

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

Due to COVID-19 there was no internal audit work undertaken in 2019/20.

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

Internal Control

Scope of responsibility

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

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between the College and the funding bodies.

The Principal is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than 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 on-going 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 Leeds College of Building for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- 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

The College has an internal audit service, which operates in accordance with requirements of the ESFA's Post 16 Audit Code of Practice (July 2020). 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.

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Statement of Corporate Governance and Internal Control *(continued)***The risk and control framework** *(continued)*

As a minimum, the Internal Auditors annually provide the Corporation with a report on internal audit activity in the College. The report includes the Head of Internal Audit's (HIA's) independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Due to COVID-19 there was no internal audit work undertaken in 2019/20. The Corporation took alternative assurance from the following:

- The ESFA funding assurance work undertaken in August/September 2019
- The full Ofsted visit in October 2019 where the College was deemed to be "Good"
- The Grant Thornton financial statements and regularity audit on the 2019/20 accounts.

Following a tender exercise the College appointed ICCA as Internal Auditors for three years from 2019/20.

Review of effectiveness

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

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

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and 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 standing item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 15 December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2020.


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

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Approved by order of the members of the Corporation on 15 December 2020 and signed on its behalf by:


Julia Evans OBE
Chair


Derek Whitehead
Principal

*Leeds College of Building
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Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's Grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA, or any other public funder.

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



Julia Evans OBE
Chair



Derek Whitehead
Principal

Date 21/12/2020

Date 21/12/2020

Leeds College of Building
Members' report and financial statements
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Statement of the responsibilities of the members of the Corporation

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with the ESFA, 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 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of the College website; 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.

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 ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 15 December 2020 and signed on its behalf by:

Julia Evans

Julia Evans OBE
Chair

*Leeds College of Building
Members' report and financial statements
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Independent auditor's report to the Members of the Corporation of Leeds College of Building

Opinion

We have audited the financial statements of Leeds College of Building (the 'parent corporation') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent corporation's affairs as at 31 July 2020 and of the group's deficit of income over expenditure and of the parent corporation's deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education as issued in October 2018 and any subsequent amendments.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as COVID-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members of the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent corporation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Members of the Corporation's conclusions, we considered the risks associated with the group's and parent corporation's business, including effects arising from macro-economic uncertainties such as COVID-19 and Brexit, and analysed how those risks might affect the group's and parent corporation's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent corporation will continue in operation.

*Leeds College of Building
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Independent auditor's report to the Members of the Corporation of Leeds College of Building (continued)

Other information

The Members of the Corporation are responsible for the other information. The other information comprises the information included in the Operating and Financial Review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Student's ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the parent corporation for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS's accounts direction (issued October 2019) have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- the parent corporation has not kept adequate accounting records; or
- the group and parent corporation's annual accounts 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 respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the group and parent corporation's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the group and parent corporation's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Members of the Corporation for the financial statements

As explained more fully in the statement of responsibilities of the Members of the Corporation set out on page 23, the Members of the Corporation are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members of the Corporation are responsible for assessing the group's and parent corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Members of the Corporation either intends to liquidate the group or parent corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*Leeds College of Building
Members' report and financial statements
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Independent auditor's report to the Members of the Corporation of Leeds College of Building *(continued)*

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

Use of our report

This report is made solely to the Members of the Corporation, as a body, in accordance with the terms of our engagement letter dated 22 October 2020. Our audit work has been undertaken so that we might state to the Members of the Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation and the Members of the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
22/12/2020

*Leeds College of Building
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Reporting accountant's assurance report on regularity

To the Corporation of Leeds College of Building and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA')

In accordance with the terms of our engagement letter dated 22 October 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder [including the relevant Mayoral combined Authority or the Greater London Authority], 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 Leeds College of Building during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ('the Code') issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the ESFA or devolved authority has other assurance arrangements in place.

Respective responsibilities of Leeds College of Building and the reporting accountant

The Corporation of Leeds College of Building is responsible, under the requirements of the Further and Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the College's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Reporting accountant's assurance report on regularity (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to the Corporation of Leeds College of Building 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 Leeds College of Building and the ESFA those matters we are required to state in a limited assurance 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 Leeds College of Building, as a body, and the ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Leeds

22/12/2020

Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020

Consolidated Statements of Comprehensive Income and Expenditure

		Year Ended 31 July 2020		Year Ended 31 July 2019	
	Note	Group £'000	College £'000	Group £'000	College £'000
Income:					
Funding Body grants	2	12,758	12,436	12,850	11,965
Tuition fees and education contracts	3	6,129	6,114	5,240	5,196
Other income	4	833	840	1,067	1,056
Write off of Achieve Through Learning Ltd inter-company loan		-	-	-	1,138
		_____	_____	_____	_____
Total Income		19,720	19,390	19,157	19,355
		=====	=====	=====	=====
Expenditure:					
Staff costs	6	12,640	12,562	11,657	11,449
Restructuring costs	6	64	64	115	103
Other operating expenses	7	5,364	5,108	6,184	5,439
Depreciation	11	1,146	1,146	804	804
Interest and other finance costs	8	331	331	294	294
		_____	_____	_____	_____
Total Expenditure:		19,545	19,211	19,054	18,089
Surplus before other gains and losses		175	179	103	1,266
Loss on disposal of assets		(1)	(1)	(2)	(2)
		_____	_____	_____	_____
		_____	_____	_____	_____
Surplus before tax		174	178	101	1,264
Taxation		-	-	-	-
		_____	_____	_____	_____
Surplus for the year		174	178	101	1,264
Actuarial (loss) / gain in respect of pension schemes	18	(6,503)	(6,503)	(3,391)	(3,391)
		_____	_____	_____	_____
Total Comprehensive expenditure for the year		(6,329)	(6,325)	(3,290)	(2,127)
		=====	=====	=====	=====

The statement of comprehensive income is in respect of continuing activities.
The accompanying notes and policies form part of these financial statements.

Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020

Consolidated and College Statement of Changes in Reserves

	Revaluation reserve	Income & Expenditure account	Total
	£'000	£'000	£'000
Group			
Balance at 31 July 2018	2,674	4,239	6,913
	—	—	—
Surplus from the income and expenditure account	-	101	101
Other comprehensive income	-	(3,391)	(3,391)
Transfers between revaluation and income and expenditure reserves	(151)	151	-
	—	—	—
Balance at 31 July 2019	2,523	1,100	3,623
	—	—	—
Surplus from the income and expenditure account	-	174	174
Other comprehensive income	-	(6,503)	(6,503)
Transfers between revaluation and income and expenditure reserves	(151)	151	-
	—	—	—
Balance at 31 July 2020	2,372	(5,078)	(2,706)
	—	—	—
College			
Balance at 31 July 2018	2,674	3,166	5,840
	—	—	—
Surplus from the income and expenditure account	-	1,264	1,264
Other comprehensive income	-	(3,391)	(3,391)
Transfers between revaluation and income and expenditure reserves	(151)	151	-
	—	—	—
Balance at 31 July 2019	2,523	1,190	3,713
	—	—	—
Surplus from the income and expenditure account	-	178	178
Other comprehensive income	-	(6,503)	(6,503)
Transfers between revaluation and income and expenditure reserves	(151)	151	-
	—	—	—
Balance at 31 July 2020	2,372	(4,984)	(2,612)
	—	—	—

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Consolidated Balance sheet at 31 July 2020

	<i>Note</i>	2020 £'000	2019 £'000
Non-current assets			
Tangible fixed assets	11	33,226	34,122
		<u>33,226</u>	<u>34,122</u>
Current assets:			
Stock		11	9
Trade and other receivables	13	2,079	2,003
Cash and cash equivalents		2,060	1,311
		<u>4,150</u>	<u>3,323</u>
Creditors: amounts falling due within one year	14	(4,213)	(5,030)
		<u>(63)</u>	<u>(1,707)</u>
Net current liabilities			
		<u>(63)</u>	<u>(1,707)</u>
Total assets less current liabilities		33,163	32,415
Creditors: amounts falling due after one year	14	(19,407)	(20,045)
Defined benefit obligation	18	(16,042)	(8,349)
Provisions: other provisions	17	(420)	(398)
		<u>(2,706)</u>	<u>3,623</u>
Total net (liabilities) / assets		(2,706)	3,623
Unrestricted reserves:			
Revaluation Reserve		2,372	2,523
Income and expenditure account, including pension reserve		(5,078)	1,100
		<u>(2,706)</u>	<u>3,623</u>
Total unrestricted reserves		(2,706)	3,623

The accompanying notes and policies form part of these financial statements. The financial statements on pages 34 to 61 were approved by the Corporation on 15 December 2020 and were signed on its behalf by:

Julia Evans
Julia Evans OBE
Chair

Derek Whitehead
Derek Whitehead
Principal

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

College Balance sheet at 31 July 2020

	<i>Note</i>	2020 £'000	2019 £'000
Non-current assets			
Tangible fixed assets	11	33,226	34,123
Investment	12	-	-
		<hr/>	<hr/>
		33,226	34,123
		<hr/>	<hr/>
Current assets			
Stock		11	9
Trade and other receivables	13	1,942	1,719
Cash and cash equivalents		2,037	1,234
		<hr/>	<hr/>
		3,990	2,962
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	(3,959)	(4,580)
		<hr/>	<hr/>
Net current Assets / (liabilities)		31	(1,618)
		<hr/>	<hr/>
Total assets less current liabilities		33,257	32,505
		<hr/>	<hr/>
Creditors: amounts falling due after one year	14	(19,407)	(20,045)
Defined benefit obligation	18	(16,042)	(8,349)
Provisions: other provisions	17	(420)	(398)
		<hr/>	<hr/>
Total net (liabilities) / assets		(2,612)	3,713
		<hr/>	<hr/>
Unrestricted reserves:			
Revaluation Reserve		2,372	2,523
Income and expenditure account including pension reserve		(4,984)	1,190
		<hr/>	<hr/>
Total unrestricted reserves		(2,612)	3,713
		<hr/>	<hr/>

The accompanying notes and policies form part of these financial statements. The financial statements on pages 34 to 61 were approved by the Corporation on 15 December 2020 and were signed on its behalf by:

Julia Evans

Julia Evans OBE
Chair

Derek Whitehead

Derek Whitehead
Principal

Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020

Consolidated Statement of Cash Flows

Notes	2020	2019
	£'000	£'000
Cash flow from operating activities		
Surplus	174	101
Adjustment for non-cash items		
Depreciation	1,146	804
(Increase) / Decrease in stocks	(2)	1
(Increase) in debtors	(76)	(897)
(Decrease) / Increase in creditors due within one year	(175)	495
Increase in provisions	31	6
Pensions costs less contributions payable	1,013	918
Capital Grants Released to Statements of Comprehensive Income	(499)	(254)
Interest payable	331	294
Loss on sale of fixed assets	<u>1</u>	<u>2</u>
Net cash flow from operating activities	<u>1,944</u>	<u>1,470</u>
Cash flows from investing activities		
Capital Grants Received	201	4,614
Payments made to acquire fixed assets	<u>(250)</u>	<u>(6,937)</u>
	<u>(49)</u>	<u>(2,323)</u>
Cash flows from financing activities		
Interest paid	(146)	(182)
New Loan	-	635
Repayment of loan	<u>(1,000)</u>	<u>(350)</u>
	<u>(1,146)</u>	<u>103</u>
Increase / (Decrease) in cash and cash equivalents in the year	<u>749</u>	<u>(750)</u>
 Cash and cash equivalents at beginning of the year	 1,311	 2,061
Cash and cash equivalents at end of the year	<u>2,060</u>	<u>1,311</u>
 Increase / (Decrease) in cash and cash equivalents in the year	 <u>749</u>	 <u>(750)</u>

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Notes

(forming part of the financial statements)

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 except as noted below.

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 2019 to 2020* 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 revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings, Achieve Through Learning Limited and LCB Enterprises Limited together with the group's share of the profit / (loss) and reserves of associated undertakings. The results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. All financial statements are prepared to 31 July 2020.

Goodwill arising on consolidation is being amortised over 5 years on a straight-line basis.

Going Concern

The College has completed its ambitious accommodation strategy (£31m) and finished its South Bank 1 and 2 buildings. Despite this the College returned to "Good" financial health in 2018/19 (180 pts) and followed this with "Good" (220 pts) in 2019/20. 2019/20 was, for everyone, a difficult year with COVID-19 and this continues into 2020/21. The College prepared four versions of the budget that dealt with a variety of scenarios from "no change" to dramatic reductions in recruitment. The Corporation approved a budget at its July 2020 meeting that reduced apprenticeship recruitment significantly and assumed modest growth in 16-18 full time whilst anticipating larger growth due to a potential increase in youth unemployment. Early indications are very good, and numbers exceed plan in every area which is a very positive start to the year. The challenge for Leeds College of Building, as with all colleges, is to maintain continuity of teaching and make sure learners are retained and achieve.

Cash flows have been modelled as part of each budget version and at no point is the cash position a concern for the College over the life of the plan. The College strategy to rebuild cash balances post new builds is working and getting stronger each year, hence the "good" financial health rating.

The College has been taken out of "early intervention" by the ESFA in November 2020, yet further evidence of their confidence in the College financial position.

Bank covenants were easily met in 2019/20 and continue to be so for the plan adopted and any reasonable sensitivity applied.

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Notes *(continued)*

Statement of accounting policies *(continued)*

The College believes it has considered all known possibilities and is as confident as it can be that it will continue throughout 2020/21 and beyond. On that basis it has adopted the going concern basis for the preparation of its account.

Recognition of income

The recurrent grant from the Education & Skills Funding Agency represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Other discrete Education & Skills Funding Agency and its successor organisations funds received during the year are taken to income as expenditure is incurred in line with the specific terms and conditions attached to each fund by the Education & Skills Funding Agency.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the Education & Skills Funding Agency (see note 24).

Non-recurrent grants from the Education & Skills Funding Agency are treated as deferred capital grants and amortised in line with depreciation over the life of the assets. Non-government grants are recognised as income using performance model.

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

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

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

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. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Office for Students (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 and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the 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.

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Notes *(continued)*

Statement of accounting policies *(continued)*

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 are met.

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 received.

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 learners 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.

Post-Retirement Benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred.

Teachers' Pension Scheme (TPS)

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

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

West Yorkshire Local Government Pension Scheme (LGPS)

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 within Other Comprehensive Income.

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Notes *(continued)*

Statement of accounting policies *(continued)*

Short-term Employment benefits

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

Enhanced Pensions

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

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the Balance Sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the Balance Sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 40 years. Leasehold land and buildings are amortised over the period of the lease. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994 as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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

Finance costs which are directly attributable to the construction of land and buildings are 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(s) may not be recoverable.

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 meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Notes *(continued)*

Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020

Statement of accounting policies *(continued)*

Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All inherited equipment is fully depreciated. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles and general equipment	-	10 years
Computer equipment	-	3 years
Mechanical and Electrical	-	20 years

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.

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Stocks

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

Maintenance of premises

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

Investments

Investment in subsidiaries is accounted for at cost less impairment in the individual financial statements.

Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020

Notes *(continued)*

Statement of accounting policies *(continued)*

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions

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.

Cash and cash equivalents

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support and 16-19 Bursary Funds received from the main funding bodies and subsequent disbursements to learners are excluded from the Statement of Comprehensive Income & Expenditure and are shown separately in note 24.

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 group'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. The College has considered the use of its buildings due to COVID-19 and is content that they are fully used and there is no impairment of the assets.

Other key sources of estimation uncertainty

- 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.

*Leeds College of Building
Members' report and financial statements
For the year ended 31 July 2020*

Notes *(continued)*

Statement of accounting policies *(continued)*

- 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 and inflation assumptions. Any changes in these assumptions, which are disclosed in note 18, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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.

- Uncertainty in valuation of property assets held by Pension Scheme

Within the West Yorkshire Pension Fund, details for which are set out in note 18, the valuers have reported the property fund's valuation as subject to 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of property funds than would normally be the case. The College has concluded that, on the basis that the value of pension assets held in property at 31 July 2020 is not material in the context of overall pension assets and after considering that pension assets, including property, are invested for long-term gains, the uncertainty reported by property valuers does not have a material impact on these financial statements.

Financial assets and liabilities

The College only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Balance Sheet.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounts at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the College would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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Notes (continued)**2. Funding Council grants**

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
ESFA Recurrent grants				
Education and Skills Funding Agency – Adult	1,783	1,569	1,844	1,681
Education and Skills Funding Agency – 16-18	5,033	5,033	4,902	4,902
Education and Skills Funding Agency - Apprenticeships	4,846	4,738	5,049	4,327
Release of government capital grants				
Buildings	385	385	152	152
Equipment	114	114	102	102
Other Funds	597	597	198	198
	<hr/>	<hr/>	<hr/>	<hr/>
	12,758	12,436	12,247	11,362
	<hr/>	<hr/>	<hr/>	<hr/>

3. Tuition fees and education contracts

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
UK Further Education Students	4,649	4,634	3,991	3,969
	<hr/>	<hr/>	<hr/>	<hr/>
Total tuition fees	4,649	4,634	3,991	3,969
	<hr/>	<hr/>	<hr/>	<hr/>
Education contracts:				
Higher Education Income	549	549	603	603
Other income	931	931	1,249	1,227
	<hr/>	<hr/>	<hr/>	<hr/>
	1,480	1,480	1,852	1,830
	<hr/>	<hr/>	<hr/>	<hr/>
Total tuition fees and Education contracts	6,129	6,114	5,843	5,799
	<hr/>	<hr/>	<hr/>	<hr/>

3a. Office for Students

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Office for Students Grants	376	376	271	271
Office for Students Fees	173	173	332	332
	<hr/>	<hr/>	<hr/>	<hr/>
	549	549	603	603
	<hr/>	<hr/>	<hr/>	<hr/>

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Notes (continued)**4. Other income**

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Residences, catering and conferences	278	278	375	375
Examinations Fees	21	21	36	36
Other Income	534	534	656	645
Gift Aid ATL	-	7	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	833	840	1,067	1,056
	<hr/>	<hr/>	<hr/>	<hr/>

5. Staff numbers and costs

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

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group Number	College Number	Group Number	College Number
Teaching departments	155	154	157	153
Teaching support services	55	55	54	54
Other support services	47	47	45	45
Administration and central services	32	31	35	31
Premises	11	11	11	11
Catering and residences	12	12	12	12
	<hr/>	<hr/>	<hr/>	<hr/>
	312	310	314	306
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

Staff costs for the above persons were as follows:

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Leeds College of Building gave a pro rata pay award of £343 to all staff from 1 August 2020. Achieve Through Learning Ltd did not receive a pay award in 2019/20.

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Notes (continued)

6. Compensation of key management personnel

The number of staff, including senior postholders and the Principal, who received emoluments excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Group 2019/20 Number of Senior Postholders	Group 2018/19 Number of Senior Postholders
£ 85,001 to £ 90,000	1	-
£ 90,001 to £ 95,000	-	-
£ 95,001 to £100,000	1	1
£100,001 to £105,000	-	-
£105,001 to £110,000	-	-
£110,001 to £115,000	-	-
£115,001 to £120,000	-	1
£120,001 to £125,000	1	-
£125,001 to £130,000	-	1
£130,001 to £135,000	-	-
£135,001 to £140,000	-	-
£140,001 to £145,000	-	-
£145,001 to £150,000	-	-

The College had two Principals in 2018/19 (I D Billyard 1.8.18 - 31.12.18 and D A Whitehead 1.1.19 – 31.7.19). The accounts show each Principal's salary grossed up to a full year equivalent.

Key management personnel

Key management personnel are the Senior Postholders who have authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team which comprises the Principal, Vice Principal Finance & Resources and the Vice Principal Teaching, Learning & Quality. There are four Senior Postholders in total with the Governance Adviser and Clerk to the Corporation being in addition to the Executive Team mentioned above.

	2020 Number	2019 Number
The number of key management personnel, including the Principal was:	4	4
Key management personnel compensation is made up as follows:		
	2020 £'000	2019 £'000
Salaries - gross of salary sacrifice and waived emoluments	313	294
Employers National Insurance	40	36
Bonus	9	-
	362	330
Pension	62	47
Total	424	377

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Notes (continued)**6. Compensation of key management personnel** (continued)

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020 £'000	2019 £'000
Salary	118	120
Employers National Insurance	16	16
Bonus	<u>4</u>	<u>-</u>
	138	136
Pension	28	20
	<u> </u>	<u> </u>
Total	166	156
	<u> </u>	<u> </u>

The pension contributions in respect of the Principal and Senior Postholders are in respect of employer's contributions to the Teachers' Pension Scheme and West Yorkshire Pension Fund (WYPF) and are paid at the same rate as for other employees.

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

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

	(2) 2020	(1) 2019	(2) 2019
Principal's basic salary as a multiple of the median of all staff	4.04	4.88	4.46
Principal's total remuneration as a multiple of the median of all staff	4.47	5.69	5.27

(1) I D Billyard was Principal from 1.8.18 - 31.12.18. His salary has been grossed up to a full year equivalent in order to calculate the salary as a multiple of the median of all staff.

(2) D A Whitehead was Principal from 1.1.19 - 31.7.19. His salary has been grossed up to a full year equivalent in order to calculate the salary as a multiple of the median of all staff.

The Principal's salary is agreed by the Corporation's Performance & Remuneration sub-committee. The Committee take account of the AoC Senior Salary Survey results in determining the appropriate remuneration for the Principal.

The Performance & Remuneration Committee, having regard for the AoC Senior Staff benchmarks consider the Principal's remuneration to be in line with the rest of the Further Education sector.

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Notes (continued)

7. Other operating expenses

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Teaching departments	2,330	2,062	2,989	2,344
Teaching support services	161	160	127	122
Other support services	387	387	427	427
Administration and central services	572	592	636	589
General education	695	689	711	681
Premises costs	1,077	1,076	1,081	1,064
Planned maintenance	4	4	10	10
Catering and residence operations	138	138	203	203
	5,364	5,108	6,184	5,440
Other operating expenses include:				
Auditors remuneration:				
Financial statement audit	30	19	22	15
Internal audit	3	3	8	8
Hire of other assets – operating leases	85	85	85	85

8. Net interest payable

	Year Ended 31 July 2020		Year Ended 31 July 2019	
	Group £'000	College £'000	Group £'000	College £'000
Bank Interest	146	146	171	171
Enhanced Pension	8	8	9	9
Pension finance costs	177	177	103	103
Other Interest	-	-	11	11
	331	331	294	294

9. Access and Participation Spending

Leeds College of Building is not required to produce an Access and Participation Plan. Condition A2 of the Office for Students' (OfS) Regulatory Framework (OfS 2018.01) requires Approved providers or Approved (fee cap) providers charging fees up to the basic amount for qualifying courses to publish an access and participation statement and to update and republish this statement on an annual basis. This statement is available on our website at <https://www.lcb.ac.uk/media/1886/access-and-participation-statement.pdf>

10. Taxation

The Group was not liable for any corporation tax arising out of its activities during either period.

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Notes *(continued)***11. Tangible fixed assets - Group**

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost			
At 1 August 2019	38,964	4,308	43,272
Additions	33	217	250
Disposals	-	(14)	(14)
	<hr/>	<hr/>	<hr/>
At 31 July 2020	38,997	4,511	43,508
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 August 2019	6,588	2,561	9,149
Charge for year	902	244	1,146
Disposals	-	(13)	(13)
	<hr/>	<hr/>	<hr/>
At 31 July 2020	7,490	2,792	10,282
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 July 2020	31,507	1,719	33,226
	<hr/>	<hr/>	<hr/>
At 31 July 2019	32,376	1,747	34,123
	<hr/>	<hr/>	<hr/>

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Notes (continued)

11. Tangible fixed assets - College

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost			
At 1 August 2019	38,966	4,272	43,238
Additions	33	217	250
Disposals	-	(14)	(14)
	_____	_____	_____
At 31 July 2020	38,999	4,475	43,474
	=====	=====	=====
Depreciation			
At 1 August 2019	6,588	2,527	9,115
Charge for year	902	244	1,146
Disposals	-	(13)	(13)
	_____	_____	_____
At 31 July 2020	7,490	2,758	10,248
	=====	=====	=====
Net book value			
At 31 July 2020	31,509	1,717	33,226
	=====	=====	=====
At 31 July 2019	32,378	1,745	34,123
	=====	=====	=====

The transitional rules set out in FRS 102 have been applied accordingly. The book values at implementation have been retained.

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Grimley JR Eve, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

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Notes (continued)**12. Investments**

	2020	2019
	£	£
Investment in LCB Enterprises Limited at cost	100	100
Investment in Achieve Through Learning Ltd at cost	100	100

The College owns 100% of the issued ordinary shares of LCB Enterprises Limited, a company incorporated in Great Britain and registered in England and Wales. The principal business activity of LCB Enterprises Limited is the Design and Build of new premises for Leeds College of Building. The interest in LCB Enterprises Limited was acquired on 27 July 2009 at its incorporation.

In addition, the College owns 100% of the issued ordinary shares in Achieve Through Learning Ltd, a private training provider based in Leeds.

The College Corporation decided at its 21st January 2020 meeting that Achieve Through Learning Ltd (ATL) would cease trading, therefore 2019/20 will be the final year for this subsidiary company.

13. Debtors

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Trade debtors	120	120	488	484
Other debtors	322	84	310	73
Amounts owed by ESFA	1,635	1,635	1,131	1,131
Amounts owed by subsidiary undertakings	-	101	-	31
Prepayments and accrued income	2	2	74	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,079	1,942	2,003	1,719
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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Notes (continued)**14. Creditors: amounts falling due within one year**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Payments received on account	21	21	99	99
Trade payables	538	302	395	64
Other taxation and social security	199	199	351	348
Accruals	2,216	2,207	2,547	2,444
Other creditors	410	401	163	150
Bank Loan	350	350	350	350
Deferred income – government capital grants	479	479	490	490
WYCA Loan	-	-	635	635
	<hr/>	<hr/>	<hr/>	<hr/>
	4,213	3,959	5,030	4,580
	<hr/>	<hr/>	<hr/>	<hr/>

Creditors: amounts falling due after one year

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Deferred income – government capital grants	14,157	14,157	14,445	14,445
Bank Loan	5,250	5,250	5,600	5,600
	<hr/>	<hr/>	<hr/>	<hr/>
	19,407	19,407	20,045	20,045
	<hr/>	<hr/>	<hr/>	<hr/>

15. Bank Loans**Repayment analysis:**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Bank Loan:				
Within one year	350	350	350	350
Between one and two years	350	350	350	350
Between two and five years	1,050	1,050	1,050	1,050
After five years	3,850	3,850	4,200	4,200
	<hr/>	<hr/>	<hr/>	<hr/>
	5,600	5,600	5,950	5,950
	<hr/>	<hr/>	<hr/>	<hr/>

Bank loans include two loan facilities, £5.250m long-term loan facility due for repayment in 2034/35 and £1.250m short-term facility due for repayment in 2020/21. The loan balances are secured against certain freehold land and buildings of the College. Interest is payable on the short-term loan is 2.25% over base and 2.01% over base on the long-term loan.

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Notes (continued)**16. Financial Assets & Liabilities**

	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Financial assets measured at amortised cost				
Bank & Cash	2,060	2,037	1,311	1,234
Trade Debtors & Other Debtors	2,077	1,940	2,003	1,719
	4,137	3,977	3,314	2,953
Financial liabilities measured at amortised cost				
Creditors less than one year	3,535	3,282	5,030	3,643
Creditors more than one year	5,250	5,250	5,600	5,600
	8,785	8,532	10,630	9,243

17. Provisions for liabilities

Group and College	Group Enhanced Pensions £'000
At 1 August 2019	398
Transferred from income and expenditure account	(31)
Interest	8
Actuarial (gains) / losses.	45
	—
At 31 July 2020	420
	==

The provision for enhanced pensions has been re-valued to reflect changes in life expectancy and interest rates which both affect the future liability.

	Group 2020	Group 2019
Interest Rate	2.0%	1.3%
Inflation Rate	2.2%	2.2%

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Notes (continued)

18. Pensions and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The total pension cost for the period was £2,555,000 (2018/19: £2,074,000).

Total pension cost for the year

	2020 £'000	2019 £'000
Teachers' pension scheme: contributions paid	948	630
Local Government Pension Scheme:		
Contributions paid	594	526
FRS 102 (28) charge	1,013	918
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income for LGPS	1,607	1,444
	<hr/>	<hr/>
Total pension cost for year within staff costs	2,555	2,074
	<hr/> <hr/>	<hr/> <hr/>

Teachers' Pension Scheme

Introduction

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

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

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

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

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

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

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Notes (continued)

18. Pensions and similar obligations (continued)

Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. The DfE paid a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year, and this is guaranteed until March 2021.

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

The pension costs paid to TPS in the year amounted to £1,307,568 (2018/19: £964,000).

FRS 102 section 28

Under the definitions set out in FRS 102 section 28, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Bradford Council. The total contribution made for the year ended 31 July 2020 was £841,837 of which employers' contributions totalled £593,902 and employees' contributions totalled £247,935. The agreed Employer contribution rate is 15.7% until 31.3.21 and 16.8% from 1.4.21. Employees contributions range from 5.5% to 12.5% depending on salary.

Principal Actuarial Assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2016 updated to 31 July 2020 by a qualified independent actuary.

	2020	2019
Inflation assumption (CPI)	2.20%	2.20%
Rate of increase in salaries	3.45%	3.45%
Rate of increase in pensions	2.20%	2.20%
Discount rate for liabilities	1.40%	2.20%
Commutation of pensions to lump sum	50%	50%

On advice from our actuaries we have assumed that 50% of employees retiring after 6 April 2007 will take advantage of the option to commute part of their future annual pension to a lump sum payment on retirement.

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

	2020	2019
	£'000	£'000
Retiring today / current pensioners		
Males	21.8	22.2
Females	24.6	25.4
Retiring in 20 years / future pensioners		
Males	22.5	23.2
Females	25.7	27.2

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Notes *(continued)***18. Pensions and similar obligations** *(continued)*

	Value at 31 July 2020 £'000	Value at 31 July 2019 £'000
Equities	15,287	15,903
Government Bonds	1,968	2,003
Other Bonds	984	728
Property	846	870
Cash/Liquidity	315	425
Other	275	303
	<hr/>	<hr/>
Total market value of College assets	19,675	20,232
	<hr/>	<hr/>
	2020 £'000	2019 £'000
Present value of scheme liabilities		
- Funded	(35,700)	(28,562)
- Unfunded	(17)	(19)
	<hr/>	<hr/>
Fair Value of Assets	19,675	20,232
	<hr/>	<hr/>
Deficit in the scheme	(16,042)	(8,349)
	<hr/>	<hr/>

The assets in the scheme and the expected rate of return were:

	2020 £'000	2019 £'000
College's estimated asset share	19,675	20,232
Present value of scheme liabilities	(35,717)	(28,581)
	<hr/>	<hr/>
	(16,042)	(8,349)
	<hr/>	<hr/>

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Notes *(continued)*

18. Pensions and similar obligations *(continued)*

Analysis of the amount charged to the income and expenditure account

	2020 £'000	2019 £'000
Employer service cost	1,609	1,025
Past service cost / (gain)	-	414
	<hr/>	<hr/>
Total operating charge	1,609	1,439
	<hr/> <hr/>	<hr/> <hr/>

Analysis of pension finance costs

	2020 £'000	2019 £'000
Expected return on pension scheme assets	450	537
Interest on pension scheme liabilities	(627)	(640)
	<hr/>	<hr/>
Net interest cost	(177)	(103)
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the statement of comprehensive income (SOCl)

	2020 £'000	2019 £'000
Actual return less expected return on pension scheme assets	(1,482)	413
Change in financial and demographic assumptions underlying the scheme liabilities	(5,021)	(3,804)
	<hr/>	<hr/>
Actuarial gain / (loss) recognised in other comprehensive income	(6,503)	(3,391)
	<hr/> <hr/>	<hr/> <hr/>

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Notes *(continued)***18. Pensions and Similar Obligations** *(continued)***Asset and Liability Reconciliation****Reconciliation of Liabilities**

	2020	2019
	£'000	£'000
Liabilities at start of period	28,581	22,966
Current service cost	1,609	1,025
Interest cost	627	640
Employee contributions	248	220
Actuarial loss / (gain)	5,021	3,804
Benefits paid	(369)	(488)
Past Service Cost	-	414
	<hr/>	<hr/>
Liabilities at end of Period	35,717	28,581
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of Assets

	2020	2019
	£'000	£'000
Assets start of period	20,232	19,029
Expected return on assets	450	537
Actuarial gain / (loss)	(1,482)	413
Employer contributions	596	521
Employee contributions	248	220
Benefits paid	(369)	(488)
	<hr/>	<hr/>
Assets at end of period	19,675	20,232
	<hr/> <hr/>	<hr/> <hr/>

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Notes (continued)

18. Pensions and Similar Obligations (continued)

Movement in deficit during year

	2020	2019
	£'000	£'000
Deficit in scheme at beginning of year	(8,349)	(3,937)
Current service charge	(1,609)	(1,439)
Contributions	596	521
Net interest/return on assets	(177)	(103)
Actuarial gain or loss	(6,503)	(3,391)
	<hr/>	<hr/>
Deficit in scheme at end of year	(16,042)	(8,349)
	<hr/> <hr/>	<hr/> <hr/>

Guaranteed Minimum Pension

Defined benefit pension schemes will be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension provisions. The method of equalisation has increased the College's pension liabilities in respect of the West Yorkshire Pension Fund and the fund actuary calculated an estimated liability of £58k which was recognised during 2018/19 in the Statement of Comprehensive Income & Expenditure as part of the service cost in excess of contributions. Changes to the estimated liability in 2019/20 have been recognised through actuarial gains / losses.

Transitional Protection Arrangements (McCloud)

Following the loss of a court case (the McCloud judgement) which found that transitional protections put in place when two public sector pension schemes were reformed were age discriminatory, the government committed in July 2019 to seeking a remedy across all public sector schemes. The College's pension liabilities in respect of the West Yorkshire Pension Fund have increased due to this although the method of remedy and hence the amount of the increase in liabilities is not yet known. The fund actuary calculated an approximate estimated liability of £358k which was recognised during 2018/19 in the Statement of Comprehensive Income & Expenditure as an exceptional past service cost. Changes to the estimated liability in 2019/20 have been recognised through actuarial gains / losses.

Widower Benefits (Goodwin)

Following a recent Employment Tribunal ruling that a female member in an opposite sex marriage is treated less favourably than a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation, the government announced in July 2020 that it believed changes would be required to all public sector schemes with similar arrangements. For the College, this will increase the liability in respect of the West Yorkshire Pension Fund, but no allowance has been made in the accounting figures as it is expected that the impact on the liabilities will be immaterial and there is currently insufficient data available to estimate a cost.

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Notes (continued)**19. Analysis of changes in net funds (College only)**

	At 1 August 2019 £'000	Cash Flow £'000	At 31 July 2020 £'000
Cash at bank and in hand	1,235	802	2,037
	—	—	—
Total	1,235	802	2,037
Bank loan	(5,950)	350	(5,600)
	—	—	—
Net Funds	(4,715)	1,152	(3,563)
	=====	=====	=====

20. Capital commitments

	2020 £'000	2019 £'000
Contracted for at 31 July	2	52
	==	=====

21. Financial commitments

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

	2020 Land & Buildings £'000	2020 Equipment £'000	2019 Land & Buildings £'000	2019 Equipment £'000
Expiring within one year	65	10	65	20
Expiring between two and five years inclusive	-	-	65	10
	—	—	—	—
	65	10	130	30
	=====	=====	=====	=====

22. Contingent liability**Funding body grants:**

The Group has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the Group may have to pay monies back in the event of an audit taking place. No provision is included in the financial statements for potential claw back unless the Group has been notified of such claw back claims being made.

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Notes *(continued)*

23. Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £246.54 (in 2018/19: £216.65 was paid). 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 (2018/19: Nil).

Crescent Purchasing Ltd (trading as Crescent Purchasing Consortium (CPC)) is a company limited by guarantee and a registered charity governed by its memorandum and articles of association. The Vice Principal Finance & Resources is the Chair of Board and Director of the company. During the year, there have been transactions with CPC of £873,169 (2018/19: £1,099,711) in relation to provision of payroll services, there is no balance outstanding at the year end. CPC is also used by the College for procurement purposes, CPC provides resources for further education, higher education, academies, schools and other educational bodies which allow them to get the best value purchasing arrangements. The provision of payroll services to CPC ended on 31 March 2020.

The College, along with the other six colleges in West Yorkshire, is a member of the West Yorkshire Consortium of Colleges (WYCC), a joint venture company set up to bid for and deliver European funded activity. The turnover and profit of the company are not considered material to the accounts and have not been consolidated on that basis.

The College has income in the year of £53k derived from activity with the WYCC. This amount remains outstanding as at 15 December 2020.

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Notes *(continued)***24. Agency arrangements****Bursary 16-18**

	2020 £'000	2019 £'000
Funding council grants	88	85
	—	—
	88	85
	==	==
Disbursed to learners	(175)	(167)
Admin fee retained by College	-	-
	—	—
	(175)	(167)
	==	==
Balance unspent at 31 July	-	-
	==	==

Bursary 16-18 – High Needs

	2020 £'000	2019 £'000
Funding council grants	30	25
	—	—
	30	25
	==	==
Disbursed to learners	(26)	(21)
Admin fee retained by College	-	-
	—	—
Balance unspent at 31 July	4	4
	==	==

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Notes *(continued)***24. Advanced Learner Loans Bursary**

	2020 £'000	2019 £'000
Funding council grants	4	4
Disbursed to learners	(2)	(4)
Admin fee retained by College	-	-
Balance unspent at 31 July	<u>2</u>	<u>-</u>

ESFA grants are available solely for learners; the College acts as paying agent. The grants and related disbursements have therefore been excluded from the income and expenditure account.