

LEEDS COLLEGE OF BUILDING GROUP

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 2022

2021/22



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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
Mr Peter Norris (Chair)	August 2021	N/A	External	Search & Governance; Performance & Remuneration	100%
Mr Mark Roper (Vice Chair)	August 2021	N/A	External	Audit; Performance & Remuneration	100%
Ms Elaine Armitage	November 2022	N/A	External	Audit	66%
Mr Simon Bray	February 2022	N/A	Staff Governor	None	75%
Ms Claire Chadwick	August 2021	July 2022	Staff Governor	Search & Governance	88%
Mr Wasim Feroze	March 2022	N/A	External	None	100%
Ms Debbie Forsythe-Conroy	April 2021	N/A	External	Audit	63%
Mr Oliver Harding-Jeans	March 2021	July 2022	Student Governor	Student Liaison	38%
Ms Rachel Lindley	September 2018	N/A	External	Audit	75%
Ms Caroline Meehan	January 2019	N/A	External	Lead Governor Safeguarding and Prevent	88%
Ms Katherine Naisbitt	November 2022	N/A	External	None	71%
Mr Derek Packer	May 2022	N/A	External	Search & Governance	75%
Prof Dave Russell	May 2022	N/A	External	None	88%
Mr Mark Scott	November 2019	January 2022	External	None	0% #
Mr Matthew Shields	June 2021	N/A	External	Audit	100%
Mr Derek Whitehead	January 2019	July 2022	Principal & CEO	Search & Governance	100%
Ms Sarah Wilson	January 2019	N/A	External	Audit	75%
Ms Clare Harrigan	June 2022	N/A	External – Co-opted	Co-opted to Search & Governance Committee	N/A

*Board attendance is based on the eight meetings undertaken in 2021/22 or the date of appointment if commenced in 2021/22

On sabbatical from August 2021 until resignation in January 2022

Professional advisers

Financial statements auditors
and reporting accountants:

RSM UK Audit LLP
First Floor
Two Humber Quays
Wellington Street West
HULL
HU1 2BN

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

Key Management Personnel

Director of Governance – K Rolinson

Executive team

Principal and Chief Executive - D Whitehead (until 31.7.2022)
Vice Principal Finance & Resources - D Pulein
Vice Principal Teaching, Learning and Quality - N Davis (Principal &
Chief Executive from 1.8.2022)

Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2022. These consolidated financial statements incorporate the results of the College's trading subsidiary, LCB Enterprises 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".

Operating and Financial Review (continued)

Strategic Aims:

- Provide a safe, supportive and inclusive learning culture
- Deliver high quality education and training through enjoyable learning experiences
- Work with employers and progressive collaborations to develop the talents and skills to meet further workforce needs
- Harness the use of technology to support innovation in learning and smarter, more efficient working practices
- Attract, develop and retain a highly skilled and responsive workforce
- Remain a financially sustainable and resilient organisation.

Financial objectives

COVID-19 has had a detrimental affect on College income in the following areas:

- Achievement funding
- Apprenticeship enrolments
- Short Course income
- Adult Education Budget (AEB) income
- Catering income.

This was offset, in part, by reductions in operating expenses due to lockdowns and a reduction in part-time teaching costs.

The College's financial objectives are:

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

	2021/22 Actual	2020/21 Actual
Cash balance	£5,247,000	£5,155,000
Adjusted Current ratio	1.78:1	1.49:1
Dependency on Grant income	77%	65%
Pay as a % of income (excluding FRS 102 pension costs)	66%	65%
Adjusted Cash days in hand	96	105

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 Group generated an operating deficit in year of £614,000 (2020/21: deficit £974,000).

The comparatives to these financial statements have been restated to reflect a clawback of £501,341.49 due to the ESFA in respect of the years 2017/18 and 2018/19. The clawback is in respect of the College's previous subsidiary company, Achieve Through Learning Ltd (ATL). The ESFA had been investigating a large number of withdrawals and the clawback is the conclusion of the investigation.

The College has particular concern over the financial effects of the war in Ukraine, Brexit and inflation. The cost of fuel in particular is going to be a challenge and the key will be the level and length of Government support.

Linked to the fuel crisis, and as part of an overall carbon reduction aspiration, the College commissioned a strategy document for 2021/22 and from this aims to provide a Sustainability and Carbon Reduction Plan.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

The Group has accumulated reserves of £12,084 (2020/21: (£914,000)).

Tangible fixed asset additions during the year amounted to £702,000.

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

The College has a subsidiary company, LCB Enterprises Ltd which was set up as a design and build company to deliver the College's long-term accommodation strategy.

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.

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.

Cash flows

Cash flow increased dramatically during the year, but the year end figure does include £700,000 of Condition Fund grant unspent and AEB funds which are expected to be clawed back in the region of £406,000.

Operating cash inflow was £2,357,000 (2020/21: inflow £3,189,000).

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 £12,827,000 (2020/21: £11,322,000). The reserves including pension deficits has resulted in a net liability on the balance sheet of £1,017,000.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Current and Future Development and Performance

Quality of Teaching & Learning

Following the Ofsted Inspection in 2019, at which the College was graded 2 (Good) for all areas of provision, the College continues to focus on the quality of teaching, learning and assessment. The College returned to face-to-face teaching for most of its students, with some Apprentices being taught in a blended approach, within the HE Faculty. During the academic year, the College was finally able to fully introduce its Curriculum Area Review (CAR) process, which replaced formal lesson observations. This had been delayed due to the pandemic but is now fully functioning and has produced some positive results. Overall, the quality of teaching and learning remains good, but progress towards improving any areas of underperformance is now rapid, with actions being taken following a Curriculum Area Review.

Observations of teaching and learning happened through walking walks. The approach was a supportive one, with Advanced Practitioners and the Quality Improvement and Enhancement Manager offering help, advice and training for any teaching staff or wider teams.

Customer Satisfaction

Overall, the internal learner satisfaction surveys show a positive picture for Leeds College of Building. The FE Employer Choice survey has been disbanded, so for Apprenticeship provision, we now use employer reviews on Find a Training Provider. The two main strengths of the provision were the training facilities and the improvement in Apprentices' skills. The areas for development are communication and progress reporting.

Internally, Student Perception of College (SPOC) results were strong, as detailed below.

Key Performance Indicators	College Target 2021/22	November 2021 SPOC1	June 2022 SPOC2
"I am achieving what I came to do"	98%	97%	97%
"I enjoy being at College"	94%	89%	93%
"I would recommend the College to a friend"	94%	93%	97%
"I feel safe"	98%	98%	99%

For this academic year, the College did not meet the threshold for the Office for Students, National Student Survey, due to low numbers of full time HE students. Apprentices do not count towards the threshold.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Customer Satisfaction *(continued)*

External Verifier / Moderator Reports

All external verifier and moderator reports for the academic year 2021/22 showed full compliance with Awarding Organisation requirements and were very positive. The return of full exams for GCSE English and maths was welcomed, following two years of CAGs and TAGs.

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 2020/21 the Group has delivered activity that has produced £6,586,000 in main Education and Skills Funding Agency (ESFA) funding (2020/21: £7,116,000). The College had 4,350 (2020/21: 4,556) Education and Skills Funding Agency funded learners and 818 (2020/21: 982) non-Education and Skills Funding Agency funded learners.

Learner achievements

Education programmes for Young People

16-18 achievement has reduced at 74.5%. Pass rates are good at 88.7%, with retention at 84.3%. Achievement on GCSE programmes and Functional Skills programmes are below national average, with English maintaining its performance.

Adult Learners

19+ achievement has remained good at 80.2%. Pass rates were very high at 94.8% and retention at 85.4%.

Subcontracting

The College only subcontracted Apprenticeship provision in 2021/22. This was through two main contracts. EAS Mechanical is a long-term partner of the College, and this relationship will continue through to 2024. No new Apprentices were signed up in this year and the contract is being rolled out. EAS Mechanical now has a direct contract with the ESFA. Achievement rates for EAS Mechanical were 54.2%.

The second subcontracting relationship is the hub and spoke model with NG Bailey. LCB is the main provider, managing and quality assuring the provision of spoke providers across the country. Most of the Apprentices are directly taught by LCB.

Collaboration with employers, the community and suppliers

External work placements, site visits, demonstrations, product testing and employability skills development through mentorship programmes and careers events continued, all returned this academic year, with a reduction in volume due to the concerns about a new COVID variant in November and December. Site visits to the Guinness Homes development have proved very beneficial, and this is expected to continue with other very local sites.

Manufacturers from the construction and built environment sector continue to significantly support the College and its learners through sponsorship, demonstrations, and guest speakers. 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.

Operating and Financial Review *(continued)*

Current and Future Development and Performance

College-wide Achievements

- Re-accreditation of Matrix Standard (Information, Advice & Guidance)
- Thirteenth place in the national "Rate my Apprenticeship Awards".

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 over the past three years (pre COVID-19). The partnership with Leeds Beckett University has now come to fruition with the Degree Apprenticeship programme enrolling its first cohort. Developments continued in year with successful validation of a Degree Apprenticeship Quantity Surveying through a new partnership with London South Bank University.

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 results from the first full exams since the pandemic. GCSE English maintained a good position, in line with 2019 results. GCSE maths declined due to a change in grade boundaries, a disrupted team, and a lack of leadership. Local bus strikes also impacted on the attendance at the first GCSE maths exam.

T Level developments are ongoing and support from the ESFA and The Education and Training Foundation (ETF) are now in place. The implementation plan was provided to the ESFA twice per year and monitored through our ESFA link manager.

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 £5,247,000 as at 31 July 2022.

People:

The Group employs 400 people based on average ahead count.

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.

Events after the end of the reporting period:

There are no significant post balance sheet events.

Principal Risks and Uncertainties:

There are a number of risks and uncertainties due to the effects of the economy, war Ukraine and political turmoil at home. The cost of fuel, mitigated in part by a Government subsidy, pressures on staff pay awards and cost of and availability of materials is a real concern to the College, covered in part by increased budgets set in June 2022.

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.

Operating and Financial Review *(continued)*

Current and Future Development and Performance *(continued)*

Principal Risks and Uncertainties *(continued)*:

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.

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.

- Loss of key staff, long term staff illness, inability to attract qualified, experienced people, staffing profile / ageing workforce
- ESFA Funding Audit
- Threat of College computer systems being hacked / targeted by a virus or malware

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 financial statements (see page 11 for further details).

Government funding

The Group has considerable reliance on continued government funding through the education sector funding bodies. In 2021/22, 66% 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 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.

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.

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

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 2019/20 (220 pts) and followed this with "Good" (220 pts) in 2020/21 and "Good" (220 pts) in 2021/22.

Going Concern

2021/22 was the first full year in College following COVID-19. The College set a cautious budget and the final outcome was very pleasing in the circumstances, with the College retaining its 'Good' financial health status.

The success of improving cash balances and balance sheet strength in 2021/22 has put the College in a strong position and able to withstand any adverse conditions.

The two year financial plan, including cash flow forecasts to 31/7/2024, shows the College at the top end of 'Good' financial health, meeting its Bank Covenants in all years and able to withstand adverse financial pressures.

The increased cost of energy and inflation generally are a concern but the College is confident of increased income from Apprenticeships in mitigation.

The increase in interest rates and the effect on the College's loan interest has been discussed and the Corporation has agreed to repay £1.2m of the College loan.

16-18

The College has an allocation of 996 learners and at the time of writing has enrolled 1,206.

Apprenticeships

The target in the financial plan is 2,299. To date 2,438 have been enrolled, with a further 37 starts due in February 2022.

Balance Sheet

The College strategy post completion of its South Bank 1 & 2 buildings was to improve the balance sheet strength, restore cash balances and have positive net current assets. 2021/22 achieved this aim and the financial plan further strengthens the balance sheet and puts the College in a good position to withstand any unforeseen problems.

Bank Covenants

As a result of the £7m loan for the South Bank 1 campus (currently £4.8m) the College has Bank Covenants in place with its lender, NatWest. The 3-year financial plan comfortably meets these covenants.

Summary

The 2022/23 financial year sees the College "living" with COVID-19 and still a lot of uncertainty. The College finances at the end of 2021/22 are strong and the financial health score for last year was "good". The College therefore believes it is in a good position and is content to prepare the 2021/22 financial statements on a going concern basis.

Operating and Financial Review (continued)

Going Concern (continued)

The College believes it has considered all known possibilities and is as confident as it can be that it will continue throughout 2022/23 and beyond, to at least 31 July 2024 (the period of its latest budget and cash flow forecast). On that basis it has adopted the going concern basis for the preparation of its financial statements.

Events after the end of the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector organisations.

There will be a period of consultation, but immediate implications are colleges' existing debt commitments do not need to change, however it also says that refinancing commercially is unlikely to be possible under the managing public money framework. Leeds College of Building does not have any debt maturing in the Going Concern period and therefore have no issues.

Further risks about the use of overdrafts and revolving credit facilities do not apply to the College.

Human Resources

The start of the academic year 2021/22 saw the College return to a 'new normal' allowing for some residual COVID restrictions as required.

Business services allowing hybrid and flexible working has settled and normalised within teams. For much of the year two key areas of focus have been to support and promote the Health & Wellbeing of employees and promote and increase knowledge and understanding of Diversity and Inclusion across College.

This included:

- Menopause Awareness Training
- Health & Wellbeing Staff Development Day
- Coffee, Cake & Chat Sessions
- 'What makes you smile?' Campaign
- Banter Workshop
- Misogyny Workshop
- Cognitive Diversity
- Promotion of Religious Festivals
- A:gender supporting all trans and intersex staff workshop
- Unconscious Bias Training.

The People Strategy was rewritten to support the College's Strategic Objectives and approved by Governors which will inform the coming twelve months.

The end of 2021/22 saw Derek Whitehead, Principal, retire. This presented the opportunity to rethink senior roles and this has resulted in a relaunched Strategic Leadership Team, with a change from Vice Principal to four Assistant Principal roles.

Other HR activities:

- Extending the Occupational Health provision to include a Drop-in Session
- Delivery of an extended programme of training for teachers utilising the Teacher Training Fund (TTF)
- Relaunched Induction Programme for new staff.

To enable the College to continue supporting the Foundation Living Wage (FLW) for the lowest paid in College, further work has been undertaken. This meant the lowest pay grades were restructured to enable the increase to the FLW to be absorbed and to maintain differentiation across the Pay Structure, alongside a 2% pay award for staff.

Operating and Financial Review *(continued)*

Human Resources *(continued)*

Statistics relating to College employees show a decrease in the FTE of 1.3% from 202/21 and a decrease in overall headcount of 4.39% from 2020/21. This decrease is attributed to a number of staff, particularly those on variable hours or fractional contracts, not returning to work in College following the pandemic. In some cases, this has been for their own personal reasons and in others it is related to department requirements and changes over the previous two years.

We are delighted to report that our mean pay gap has decreased by 3.5% in the past year to 18.7%. The median pay gap has also decreased by 5.8% to 24.7%. Since our first Gender Pay Gap report in 2017, both the mean and median gaps have reduced by over 7% each, showing continual improvements year on year.

Stakeholder Relationships

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

- Learners;
- Funding Bodies;
- 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, Diversity and Safeguarding (including the Prevent Duty) 2021/22

The College proactively encourages a culture of respect amongst students from different backgrounds and promotes equality of opportunity throughout the year. The College helps students to foster good relations with each other through the College Student Induction Programme and Tutorials. These programmes help shape positive student attitudes around anti-social behaviour.

The College work in this area focused on helping students of all ages to understand the safeguarding risks posed to them in the real world and online. Some of the work covers cyberbullying, online grooming, child criminal exploitation, sexual violence and sexual harassment, county lines, counter-extremism, terrorism or radicalisation and child on child abuse. The following work was carried out:

- Over 69 Study Programme and Apprenticeship groups (14-18 years) took part in the College Safeguarding Tutorial. This covered safeguarding content relating to sexting, healthy relationships, consent, physical and sexual abuse and the risk of harm online.
- Fundamental British Values and a culture of anti-bullying is promoted to students through the general College induction, induction videos and workbooks for apprentices.
- Students learn how to protect themselves in a major terrorist incident through watching the RUN, HIDE and TELL Video in class.
- The College effectively implemented the Preparing for Life in Modern Britain programme which helped students to explore issues relating to equality, diversity and discrimination. The programme also covers protective security and helps students to learn about what to do in a terrorist incident. The programme also helps students explore British Values and promotes the values of democracy. This covered all first-year groups, apprenticeship groups and Higher Education groups. Over 2,025 students took part in this programme.

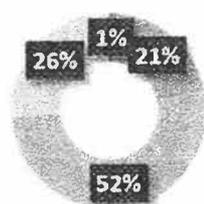
Operating and Financial Review (continued)

Equality, Inclusion, Diversity and Safeguarding (including the Prevent Duty) 2021/22 (continued)

Preparing for Life in Modern Britain	No. of Groups
Unit 1 – Equality and Inclusion (Rejecting Discrimination and becoming Anti-Racist in Modern Britain)	135 groups
Unit 2 – Human Rights and British Values (Active Citizenship in Modern Britain)	135 Groups
Unit 3 – Protective Security (Run Hide and Tell)	135 Groups

Safeguarding, Prevent and Policing cases

Safeguarding cases 2021/22 (422 Student Referrals)



- Prevent (& counter extremism)
- Policing Issues
- Safeguarding General
- Applications for 2022/23

Disability inclusion for staff and inclusive learning support for students

Staff

The College complies with the Disability Confident Scheme and the 'Department for Work and Pensions' confirms the College has the skills, expertise 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.

Students

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

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

Operating and Financial Review (continued)

Public Sector Facility Time Publication Requirements – 2021/22

Table 1 – Relevant Union Officials

Numbers of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.70 FTE

Table 2 – Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Table 3 – Percentage of pay bill spent on facility time

Total cost of facility time	£7,320
Total pay bill	£12,901,000
Percentage of total bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.06%

Table 4 – Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours, calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	6.71%
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Approximated data presented relates to the period 1 April 2021 to 31 March 2022

Future Developments:

Learner numbers are looking very positive at the beginning of 2021/22 compared to the approved budget with Apprenticeships and Higher Education (HE) numbers all above target.

The budget set for 2021/22 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.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:


Peter Norris
Chair

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 2021 to 31 July 2022, 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") and
- 'whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance'.

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.

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 2015. The Governors approved a self-assessment against the Code (using the September 2021 version of the Code) at their Board meeting on 12 July 2022. This identified four essential action points, all of which were addressed and implemented by the date these financial statements were approved and signed. The Board approved an Internal Audit of Governance to take place in April 2023 and also fully understands the requirement to undertake an External Review of Governance by July 2024.

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 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, and Search & Governance. Minutes, except those deemed to be confidential by the Corporation, are available on the College website or from the Director of Governance at:

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

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

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Director of Governance, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Corporation as a whole. Throughout the year 2021/22, the Director of Governance has participated in numerous development activities including: Audit Workshop Training, Governance Professional Network Meetings, Governance Conference, Governance Professionals Conference, Company Law Training.

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.

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. All Corporation members have participated in some form of development activity during the year ended 31 July 2022. Activity has included: Governor Inductions; Audit Workshop for Audit Committee members; Regional Governance Conference; Safer Recruitment; AoC Chairs Forum, AoC Finance & Audit Committee Chairs' Forum; AoC/ETF Staff Governor Conference; Annual Safeguarding Update; Being a Governor; Diversity & Demographics, Understanding Local Needs; Risk Management; Culture, People & Organisational Development; Finance masterclasses – Intro to FE Finance; Finance & Interpreting Management Accounts.

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

Following the ending of the COVID-19 restrictions, the Corporation agreed to hold hybrid meetings (in person and online via Microsoft Teams) throughout 2021/22 to aid attendance at meetings. All seven Corporation meetings and nine subcommittee meetings were conducted on a hybrid basis.

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 five members during 2021/22 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 conducted a comprehensive internal self-assessment of Governance for the year ending 31 July 2022 and the Governance Self-Assessment Report 2021/22 was considered and approved by the Board on 22 November 2022. The Report took into account the following information: Individual Governor Self-Assessment; Review against the AoC Code of Good Governance for English Colleges (using revised September 2021 Code); Governor Skills Audit; Review of the Governance Action; Chair of the Corporation Annual Review; Governor Annual Reviews; Governor Attendance & Development Report; Audit Committee Performance Review; Search & Governance Committee Performance Review; and Performance & Remuneration Committee Performance Review. The Governance Self-Assessment Report informs the subsequent governance action plan and development programme. The Board has approved an Internal Audit of Governance to take place in April 2023 and has committed to undertaking an External Review of Governance in autumn 2023, and in any event by 31 July 2024.

Performance & Remuneration Committee

Throughout the year ended 31 July 2022, the College's Performance and Remuneration Committee comprised the Chair of the Corporation and the Vice-Chair of the Corporation (who chaired this committee). 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 2022 are set out in note 6 to the financial statements.

The Committee were consulted in December 2021 on the salary for the new Principal & CEO prior to the post being advertised. The Committee also considered the Disciplinary & Grievance Procedures for Senior Postholders; the Annual Remuneration Survey Report 2021 and the Annual Performance & Remuneration Committee Report (in line with the AoC Governors' Council's "The Colleges Senior Staff Remuneration Code" requirements) at its meeting on 12 July 2022.

Audit Committee

The Audit Committee comprised of six members of the Corporation during 2021/22 (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.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee (continued)

The Audit Committee met four times in the year and included the opportunity for the College's internal and financial statement auditors to 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.

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 auditors undertake periodic follow up reviews to ensure such recommendations have been implemented.

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.

The members of the Audit Committee and their attendance records are shown below:

	Meetings attended	
M Roper	4	100%
M Shields	4	100%
E Armitage*	3	100%
D Forsythe-Conroy	1	25%
R Lindley	3	75%
S Wilson	4	100%

* E Armitage joined the Audit Committee in December 2022.

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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Agreement between the College and the funding body.

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 2022 and up to the date of approval of the annual report and financial statements.

Statement of Corporate Governance and Internal Control (continued)

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 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

The 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 (April 2022). The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As a minimum, the 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.

Internal audits were conducted by the College's Internal Auditors, ICCA, and were considered by the Audit Committee as stated above.

Statement from Audit Committee

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements are:

Internal audit opinions and recommendations arising out of the audits in 2021/22 are shown below:

Ref.	Audit Title	Design	Application / Compliance	Overall Assurance	No. of recommendations & priority			
					H	M	L	A
1	Financial Planning & Budgetary Control	Good	Good	Substantial	-	-	-	-
2	Learning Support Funding	Weak	Weak	Limited	2	3	1	
3	Office for Students Registration	Good	Good	Substantial	-	-	1	-
4	HR Performance Management	Adequate	Good	Reasonable	-	2	-	-
5	Risk Management Arrangements	Good	Good	Substantial	-	-	-	2
6	Follow up of Previous Internal Recommendations	N/A	N/A	Substantial	-	-	-	-

Statement of Corporate Governance and Internal Control (continued)

Statement from Audit Committee (continued)

The internal auditors were also able to:

*"Provide management and the Audit Committee with **Substantial Assurance** that progress with implementing previously agreed internal audit recommendations has been timely and effective. In total, 27 recommendations were followed-up during their review. They also confirmed that:*

- *27 (100%) of the previously agreed recommendations were found to have been fully implemented by management."*

The internal auditors also confirmed:

"Except for two 'high priority' recommendations and a 'limited assurance' opinion resulting from our review of the College's Learning Support Funding (Report 02.21/22), no significant control issues were identified in 2021/22, as a result of our work undertaken".

The Audit Committee sought assurances at their meeting on 22nd November 2022 from the Internal Auditors and College Management in relation to the two 'high' priority recommendations in the Learning Support Funding Internal Audit Report. These related to:

- Interview, application / enrolment, and initial assessment
- Capturing Learning Support

The Audit Committee was assured by the Internal Auditors that College management had directed the Auditors to look into this area; that the issues highlighted did not relate to funding compliance but more about the learners not getting the support required. The Internal Auditors confirmed that management had responded timely to the recommendations and plans were in place to address the issues. College management and the Internal Auditors informed the Audit Committee that a further follow up review would take place during 2022/23 to ensure that actions were implemented and monitored.

For 2021/22, all the recommendations made by the internal auditors during the year were accepted by management.

Recommendations are monitored via outstanding audit points at the Audit Committee meetings.

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 her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Strategic Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Leadership 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 considers risk and control reports from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the Strategic Leadership Team and the auditors and taking account of events since 31 July 2022.

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

Statement from Audit Committee *(continued)*

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

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:



Peter Norris
Chair



Nicola Davis
Accounting Officer

Statement on the College's regularity, propriety and compliance

As Accounting Officer, I confirm that the corporation has had due regard to the requirements of grant funding agreements and contracts with ESFA and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding.

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

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



Nicola Davis

Accounting Officer

13/12/2022

Statement of the chair of governors

On behalf of the corporation, I confirm that the Accounting Officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Peter Norris

Chair

13/12/2022

Statement of the responsibilities of the members of the Corporation

The members of the corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the financial statements and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

The corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 13 December 2022 and signed on its behalf by:



Peter Norris
Chair

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 "College") and its subsidiary (the "Group") for the year ended 31 July 2022 which comprise the consolidated and College statements of comprehensive income, the consolidated and College statement of changes in reserves, the consolidated balance sheet, the College balance sheet, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 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 College's affairs as at 31 July 2022 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

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 College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements 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 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 3a to the financial statements, has been materially misstated.

Responsibilities of the Corporation of Leeds College of Building

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

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and College operates in and how the Group and College are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the Group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

The Group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates and performing tests of detail on a sample of revenue transactions together with performing a review of the appropriate application of the Group's and College revenue recognition policy.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 29 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Date: 14/12/ 2022

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year Ended 31 July 2022		Year Ended 31 July 2021	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding Body grants	2	17,297	17,297	13,013	13,013
Tuition fees and education contracts	3	2,787	2,787	5,825	5,825
Other income	4	963	963	791	791
Total Income		21,047	21,047	19,629	19,629
Expenditure					
Staff costs	5	14,795	14,795	13,795	13,795
Other operating expenses	7	5,318	5,315	5,310	5,301
Depreciation	11	1,185	1,185	1,163	1,163
Interest and other finance costs	8	366	366	335	335
Total Expenditure		21,664	21,661	20,603	20,594
(Deficit) before other gains and losses		(617)	(614)	(974)	(965)
Loss on disposal of assets		-	-	-	-
(Deficit) before tax		(617)	(614)	(974)	(965)
Taxation		-	-	-	-
(Deficit) for the year		(617)	(614)	(974)	(965)
Remeasurement of net defined benefit pension liability	17	13,613	13,613	3,172	3,172
Other comprehensive income for the year		13,613	13,613	3,172	3,172
Total Comprehensive income for the year		12,996	12,999	2,198	2,207

The statement of comprehensive income is in respect of continuing activities.

The accompanying notes and policies form part of these financial statements.

Consolidated and College Statements of Changes in Reserves

	Revaluation reserve	As Restated Income & Expenditure account	As Restated Total
Group	£'000	£'000	£'000
Balance at 31 July 2020 (as restated)	2,372	(5,587)	(3,215)
Deficit from the income and expenditure account	-	(974)	(974)
Other comprehensive income	-	3,172	(3,172)
Transfers between revaluation and income and expenditure reserves	(151)	151	-
Balance at 31 July 2021	2,221	(3,238)	(1,017)
Deficit from the income and expenditure account	-	(617)	(617)
Other comprehensive income	-	13,613	13,613
Transfers between revaluation and income and expenditure reserves	(151)	151	-
Balance at 31 July 2022	2,070	9,909	11,979
College	£'000	£'000	£'000
Balance at 31 July 2020 (as restated)	2,372	(5,493)	(3,121)
Deficit from the income and expenditure account	-	(965)	(965)
Other comprehensive income	-	3,172	3,172
Transfers between revaluation and income and expenditure reserves	(151)	151	-
Balance at 31 July 2021	2,221	(3,135)	(914)
Deficit from the income and expenditure account	-	(614)	(614)
Other comprehensive income	-	13,613	13,613
Transfers between revaluation and income and expenditure reserves	(151)	151	-
Balance at 31 July 2022	2,070	10,015	12,085

Consolidated Balance sheet at 31 July 2022

	Note	2022 £'000	As Restated 2021 £'000
Non-current assets			
Tangible fixed assets	11	32,188	32,671
		<u>32,188</u>	<u>32,671</u>
Current assets:			
Stock		8	7
Trade and other receivables	13	1,567	1,549
Investments		1,000	-
Cash at bank and in hand		5,247	5,155
		<u>7,822</u>	<u>6,711</u>
Current liabilities: amounts falling due within one year	14	<u>(5,472)</u>	<u>(6,459)</u>
Net current assets		<u>2,350</u>	<u>252</u>
Total assets less current liabilities		34,538	32,923
Creditors: amounts falling due after one year	14	(19,411)	(18,976)
Defined benefit pension scheme	17	(2,813)	(14,560)
Provisions: other provisions	16	(335)	(404)
Total net assets / (liabilities)		<u>11,979</u>	<u>(1,017)</u>
Unrestricted reserves:			
Revaluation Reserve		2,070	2,221
Income and expenditure account		9,909	(3,238)
Total unrestricted reserves		<u>11,979</u>	<u>(1,017)</u>

The accompanying notes and policies form part of these financial statements. The financial statements on pages 27 to 54 were approved and authorised by the Corporation on 13 December 2022 and were signed on its behalf by:



Peter Norris
Chair

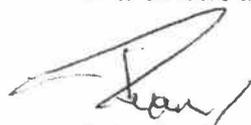


Nicola Davis
Accounting Officer

College Balance sheet at 31 July 2022

	Note	2022 £'000	As Restated 2021 £'000
Non-current assets			
Tangible fixed assets	11	32,188	32,671
		<u>32,188</u>	<u>32,671</u>
Current assets			
Stock		8	7
Trade and other receivables	13	1,670	1,620
Investments		1,000	-
Cash at bank and in hand		5,247	5,155
		<u>7,925</u>	<u>6,782</u>
Current liabilities: amounts falling due within one year	14	(5,469)	(6,427)
Net current assets		<u>2,456</u>	<u>355</u>
Total assets less current liabilities		34,644	33,023
Creditors: amounts falling due after one year	14	(19,411)	(18,976)
Defined benefit pension scheme	17	(2,813)	(14,560)
Provisions: other provisions	16	(335)	(404)
Total net assets / (liabilities)		<u>12,085</u>	<u>(914)</u>
Unrestricted reserves:			
Revaluation Reserve		2,070	2,221
Income and expenditure account		10,015	(3,135)
Total unrestricted reserves		<u>12,085</u>	<u>(914)</u>

The accompanying notes and policies form part of these financial statements. The financial statements on pages 27 to 54 were approved and authorised by the Corporation on 13 December 2022 and were signed on its behalf by:


Peter Norris
Chair


Nicola Davis
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
(Deficit)		(617)	(974)
Adjustment for non-cash items			
Depreciation		1,185	1,163
(Increase) / Decrease in stocks		(1)	4
(Increase) / Decrease in debtors		(18)	530
(Decrease) / Increase in creditors due within one year		(115)	677
(Decrease) in provisions		(69)	(16)
Pensions costs less contributions payable		1,626	1,470
Interest payable		366	335
Net cash flow from operating activities		2,357	3,189
Cash flows from investing activities			
Capital Grants Received		-	979
Payments made to acquire fixed assets		(702)	(608)
New Deposits		(1,000)	-
		(1,702)	371
Cash flows from financing activities			
Interest paid		(126)	(115)
Repayment of loan		(437)	(350)
		(563)	(465)
Increase in cash and cash equivalents in the year		92	3,095
Cash and cash equivalents at beginning of the year		5,155	2,060
Cash and cash equivalents at end of the year		5,247	5,155

Notes

(forming part of the financial statements)

1A. Statement of accounting policies

General information

Leeds College of Building is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 16. The nature of the College's operations are set out in the operating and financial review report.

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 accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the F & HE SORP 2019), the College Accounts Direction for 2021 to 2022, and Regularity Advice 9: Accounts Direction issued by the Office for Students 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 principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £'000, except where otherwise indicated.

In accordance with the F & HE SORP 2019 and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement and financial instruments.

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertaking, LCB Enterprises Limited. The results of subsidiary 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 2022.

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 College's share of the results and equity of the company are not considered material to the financial statements and have not been consolidated on that basis.

Going Concern

2021/22 was the first full year in College following COVID-19. The College set a cautious budget and the final outcome was very pleasing in the circumstances, with the College retaining its 'Good' financial health status.

The success of improving cash balances and balance sheet strength in 2021/22 has put the College in a strong position and able to withstand any adverse conditions.

The two year financial plan, including cash flow forecasts to 31/7/2024, shows the College at the top end of 'Good' financial health, meeting its Bank Covenants in all years and able to withstand adverse financial pressures.

Notes (continued)

1A. Statement of accounting policies (continued)

Going Concern (continued)

The increased cost of energy and inflation generally are a concern but the College is confident of increased income from Apprenticeships in mitigation.

The increase in interest rates and the effect on the College's loan interest has been discussed and the Corporation has agreed to repay £1.2m of the College loan.

16-18

The College has an allocation of 996 learners and at the time of writing has enrolled 1,206.

Apprenticeships

The target in the financial plan is 2,299. To date 2,438 have been enrolled, with a further 37 starts due in February 2022.

Balance Sheet

The College strategy post completion of its South Bank 1 & 2 buildings was to improve the balance sheet strength, restore cash balances and have positive net current assets. 2021/22 achieved this aim and the financial plan further strengthens the balance sheet and puts the College in a good position to withstand any unforeseen problems.

Bank Covenants

As a result of the £7m loan for the South Bank 1 campus (currently £4.8m) the College has Bank Covenants in place with its lender, NatWest. The 3-year financial plan comfortably meets these covenants.

Summary

The 2022/23 financial year sees the College "living" with COVID-19 and still a lot of uncertainty. The College finances at the end of 2021/22 are strong and the financial health score for last year was "good". The College therefore believes it is in a good position and is content to prepare the 2021/22 financial statements on a going concern basis.

The College believes it has considered all known possibilities and is as confident as it can be that it will continue throughout 2022/23 and beyond, to at least 31 July 2024 (the period of its latest budget and cash flow forecast). On that basis it has adopted the going concern basis for the preparation of its financial statements.

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.

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.

Notes (continued)

1A. Statement of accounting policies (continued)

Recognition of income (continued)

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. For 2021/22 the College has accounted for a repayment for AEB to the ESFA of £19k and to the Combined Authority of £122k.

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.

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.

Notes (continued)

1A. Statement of accounting policies (continued)

Post-Retirement Benefits

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

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 Group 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.

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 Group. Any unused benefits are accrued and measured as the additional amount the Group 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 Group 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 Group'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.

Notes (continued)

1A. Statement of accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the Balance Sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. 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

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.

Notes (continued)

1A. Statement of accounting policies (continued)

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.

Financial assets and liabilities

The Group 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.

Investments

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

Notes (continued)

1A. 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 Group 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 Group acts as an agent in the collection and payment of certain discretionary support and 16-19 Bursary Funds received from the main funding bodies.

1B. Judgements in applying accounting policies and key sources of estimation uncertainty

Critical accounting estimates and assumptions

- **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.

- **Impairment of fixed assets**

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.

Notes (continued)

1B. Judgements in applying accounting policies and key sources of estimation uncertainty (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 17, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any 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.

1C. Correction of Prior Period Error

The ESFA have been investigating one of the College's previous subsidiaries, Achieve Through Learning Ltd. The investigation is in respect of sub-contracted apprenticeship delivery in respect of the years 2017/18 and 2018/19, where a number of learners, who actually withdrew and should have been reflected as having done so in the relevant year in accordance with funding rules, were not taken off the ILR until the year after. This resulted in an overclaim of Apprenticeship funds of £501,341.49, overstating income in the relevant year and as a result this is to be clawed back by the ESFA and the 2020/21 financial statements have been adjusted to reflect this prior year error.

	2021 as previously reported £'000	Adjustment £'000	2021 as restated £'000
Group			
Changes to balance sheet			
Current liabilities	(5,958)	(501)	(6,459)
Net (liabilities)	(516)	(501)	(1,017)
Unrestricted reserves			
Income and expenditure account	(2,737)	(501)	(3,238)
Changes to statement of changes in reserves			
Balance as at 1 August 2020	(5,086)	(501)	(5,587)

	2021 as previously reported £'000	Adjustment £'000	2021 as restated £'000
College			
Changes to balance sheet			
Current liabilities	(5,926)	(501)	(6,427)
Net (liabilities)	(413)	(501)	(914)
Unrestricted reserves			
Income and expenditure account	(2,634)	(501)	(3,135)
Changes to statement of changes in reserves			
Balance as at 1 August 2020	(4,992)	(501)	(5,493)

Notes (continued)

2. Funding Body grants

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency – Adult	47	47	1,282	1,282
Education and Skills Funding Agency – 16-18	6,539	6,539	5,834	5,834
Education and Skills Funding Agency – Apprenticeships	8,988	8,988	4,521	4,521
Release of government capital grants				
Buildings	860	860	483	483
Equipment	183	183	76	76
Other funds	680	680	817	817
	17,297	17,297	13,013	13,013

3. Tuition fees and education contracts

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
UK Further Education Students	530	530	4,370	4,370
Total tuition fees	530	530	4,370	4,370
Education contracts				
Higher Education	667	667	690	690
Other	1,590	1,590	765	765
	2,257	2,257	1,455	1,455
	2,787	2,787	5,825	5,825

In 2020/21 the College accounted for levy funded Apprenticeships in Education Contracts. Issues with the ESFA reporting tools has meant it is very difficult to separate levy and non-levy funding and therefore in 2021/22 all Apprenticeships are shown under Funding Body grants.

Notes (continued)

3a. Total Grant and Fee Income

	2022		2021	
	Group £'000	College £'000	Group £'000	College £'000
Grant Income from OfS	472	472	447	447
Grant Income from other bodies	17,297	17,297	13,013	13,013
	17,769	17,769	13,460	13,460
Higher Education Fees	195	195	243	243
Other fees and contracts	2,120	2,120	5,135	5,135
Total Grant and Fee Income	20,084	20,084	18,838	18,838

4. Other income

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Residences, catering and conferences	324	324	143	143
Examinations Fees	15	15	10	10
Other Income	624	624	506	506
Coronavirus Job Retention Scheme grant	-	-	132	132
	963	963	791	791

Notes (continued)

5. Staff numbers and costs

The average number of persons employed by the group (including senior post holders) during the year, expressed as average head count and calculated on a monthly basis, was as follows:

	Year Ended 31 July 2022	Year Ended 31 July 2021
	Group/College No.	Group/College No.
Teaching departments	190	202
Teaching support	141	139
Non-Teaching	77	75
	408	416

Staff costs for the above persons were as follows:

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Wages and salaries	10,294	10,294	9,687	9,687
Social security costs	1,009	1,009	909	909
Other pension costs	3,475	3,475	3,199	3,199
Restructuring costs	17	17	-	-
	14,795	14,795	13,795	13,795

Leeds College of Building gave a 1% pay award in January 2022, backdated to 1 August 2021. In addition, a 1% pay award was awarded in May 2022, backdated to 1 August 2021.

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 2021/22 Number of Senior Postholders	Group 2020/21 Number of Senior Postholders
£ 85,001 to £ 90,000	-	1
£ 90,001 to £ 95,000	1	-
£ 95,001 to £100,000	-	1
£101,001 to £105,000	1	-
£120,001 to £125,000	-	1
£125,001 to £130,000	1	-

Key management personnel

The Governor sub group for Performance & Remuneration is responsible for setting the targets, pay and conditions for Senior Postholders.

The College has adopted the AoC's Colleges' Senior Staff Remuneration Code.

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 Director of Governance being in addition to the Executive Team mentioned above.

	2022 Numbers	2021 Numbers
The number of key management personnel, including the Accounting Officer	4	4

Key management personnel, including the Accounting Officer's compensation is made up as follows:

	2022 £'000	2021 £'000
Salaries	338	325
National Insurance	43	40
Bonus	-	-
	<u>381</u>	<u>365</u>
Pension contributions	69	68
Total	<u>450</u>	<u>433</u>

There were no salary sacrifice arrangements in place in the year.

Notes (continued)

6. Compensation of key personnel (continued)

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

	2022	2021
	£'000	£'000
Salary	126	122
Bonus	-	-
	126	122
Pension contributions	30	29
Total	156	151

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 Accounting Officer's emoluments expressed as a multiple of all other employees:

	2022	2021
Basic salary as a multiple of the median of all staff	4.10	4.10
Total remuneration as a multiple of the median of all staff	4.30	4.34

The key management personnel salaries are 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 Senior Post Holders.

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

The total expenses paid to or on behalf of the Governors during the year was £243.45 (in 2020/21: £Nil 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 (2020/21: Nil).

Notes (continued)

7. Other operating expenses

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Teaching departments	1,895	1,895	2,265	2,265
Teaching support	600	600	669	669
Non Teaching	2,823	2,820	2,376	2,367
	5,318	5,315	5,310	5,301

(Deficit) before taxation is stated after charging:

Auditors' remuneration – excluding VAT:

Financial statement audit	36	35	39	38
Internal audit	10	10	9	9
Operating leases rentals	15	15	164	164

8. Interest and other finance costs

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group £'000	College £'000	Group £'000	College £'000
Bank Interest on bank loans	126	126	115	115
Net interest on defined pension liability (note 17)	240	240	220	220
	366	366	335	335

9. Access and Participation expenditure

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.

Notes (continued)

11. Tangible fixed assets – Group and College

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2021	39,571	4,511	44,082
Additions	356	346	702
Disposals	-	(10)	(10)
At 31 July 2022	39,927	4,847	44,774
Depreciation			
At 1 August 2021	8,398	3,013	11,411
Charge for year	913	272	1,185
Disposals	-	(10)	(10)
As at 31 July 2022	9,311	3,275	12,586
Net book value as at 31 July 2022	30,616	1,572	32,188
At 31 July 2021	31,173	1,498	32,671

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.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

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

Notes (continued)

12. Investments

	2022	2021
	£	£
Investment in LCB Enterprises Limited 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.

13. Trade and other receivables

	Year Ended 31 July 2022		Year Ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	316	316	174	174
Other receivables	87	87	85	83
Amounts owed by group undertakings	-	103	-	76
Prepayments and accrued income	27	27	5	5
Amounts owed by the ESFA	1,137	1,137	1,285	1,285
	<u>1,567</u>	<u>1,670</u>	<u>1,549</u>	<u>1,623</u>

14. Creditors: amounts falling due within one year

	Group	College	As Restated Group 2021	As Restated College 2021
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank Loan	350	350	350	350
Trade payables	411	410	386	357
Other taxation and social security	258	258	489	489
Other creditors	481	480	240	240
Accruals and deferred income	3,148	3,147	3,107	3,104
Government capital grants	638	638	980	980
Owed to ESFA	186	186	907	907
	<u>5,472</u>	<u>5,469</u>	<u>6,459</u>	<u>6,427</u>

Creditors: amounts falling due after one year

	Group	College	Group	College
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Bank Loan	4,463	4,463	4,900	4,900
Government capital grants	14,614	14,614	14,076	14,076
Owed to ESFA	334	334	-	-
	<u>19,411</u>	<u>19,411</u>	<u>18,976</u>	<u>18,976</u>

Notes (continued)

15. Bank Loans

Repayment analysis:	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank Loan:				
In one year or less	350	350	350	350
Between one and two years	350	350	350	350
Between two and five years	960	960	1,050	1,050
In five years or more	3,153	3,153	3,500	3,500
	4,813	4,813	5,250	5,250

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

When LIBOR was abolished the College chose base rate as its measure and paid no charges for this with NatWest.

16. Provisions for liabilities

	Enhanced Pensions £'000
At 1 August 2021	404
Utilised in the year	(30)
Reversed in the year	(39)
At 31 July 2022	335

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

The principal assumptions for this calculation rate are:

	2022	2021
Discount Rate	3.30%	1.60%
Inflation Rate	2.90%	2.60%

Notes (continued)

17. Defined benefit obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) for teaching staff and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined benefit plans.

Total pension cost for the year

	2022	2021
	£'000	£'000
Teachers' pension scheme: contributions paid	1,120	1,042
Local Government Pension Scheme:		
Contributions paid	768	672
FRS 102 (28) charge	1,626	1,470
Charge to Statement of Comprehensive Income	3,514	3,184
Enhanced pension charge to Statement of Comprehensive Income	(39)	15
Total pension cost for year within staff costs	3,475	3,199

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 Acts. 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 £196 billion giving a notional past service deficit of £22 billion.

The discount rate is 2.4% in excess of CPI.

(Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

Notes (continued)

17. Defined benefit 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 2020/21 academic year, and currently through to July 2023. The next valuation result is due to be implemented from 1st April 2024.

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 £1,120,000 (2020/21: £1,042,000).

The amount owed to TPS at year end was £138,416.

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 2022 was £768,000 (2020/21: £672,000). The agreed Employer contribution rate is 17.9% until 31.3.23. The rate from 1.4.23 has not yet been set. Employees contributions range from 5.5% to 12.5% depending on salary.

The amount owed to WYPF at year end as £88,102.

Principal Actuarial Assumptions

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

	2022	2021
Inflation assumption (CPI)	2.60%*	2.60%
Rate of increase in salaries	3.85%	3.85%
Rate of increase in pensions	2.60%	2.60%
Discount rate for liabilities	3.40%	1.70%
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:

	2022	2021
	£'000	£'000
Retiring today / current pensioners		
Males	21.8	21.9
Females	24.6	24.7
Retiring in 20 years / future pensioners		
Males	22.5	22.6
Females	25.7	25.8

* Includes current experience of CPI at 9.9%

Notes (continued)

17. Retirement benefits (continued)

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

	Fair value of assets at 31 July 2022 £'000	Fair value of assets at 31 July 2021 £'000
Equities	20,031	19,135
Government Bonds	1,743	1,911
Other Bonds	1,086	1,051
Property	1,010	884
Cash/Liquidity	1,010	549
Other	379	358
Total fair value of plan assets	25,259	23,888
Actual return on plan assets	853	3,825
	2022	2021
	£'000	£'000
Present value of scheme liabilities		
Funded	(28,059)	(38,432)
Unfunded	(13)	(16)
Fair Value of Assets	25,259	23,888
Deficit in the scheme	(2,813)	(14,560)

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

	2022 £'000	2021 £'000
Employer service cost	2,394	2,142
Net interest on the net defined benefit pension liability	(240)	(220)
Total	2,154	1,922

Charges in the present value of defined benefit obligations

	2022 £'000	2021 £'000
Defined benefit obligations at start of period	38,448	35,717
Current service cost	2,394	2,142
Interest cost	651	498
Employee contributions	294	267
Actuarial (gain) / loss	(13,171)	375
Benefits paid	(544)	(551)
Defined benefit obligations at end of Period	28,072	38,448

Notes (continued)

17. Retirement benefits (continued)

Changes in fair value of plan assets

	2022	2021
	£'000	£'000
Fair value of plan assets start of period	23,888	19,675
Interest income	411	278
Return on plan assets (excluding net interest on the net defined benefit liability)	442	3,547
Employer contributions	768	672
Employee contributions	294	267
Benefits paid	(544)	(551)
	25,259	23,888

Movement in deficit during year

	2022	2021
	£'000	£'000
Deficit in scheme at beginning of year	(14,560)	(16,042)
Current service charge	(2,394)	(2,142)
Contributions	768	672
Net interest/return on assets	(240)	(220)
Actuarial gain or loss	13,613	3,172
	(2,813)	(14,560)

Notes (continued)

18. Analysis of changes in net (debt)

	At 1 August 2021 £'000	Cash Flow £'000	At 31 July 2022 £'000
Cash at bank and in hand	5,155	92	5,247
Bank loan	(5,250)	437	(4,813)
Investments	-	1,000	1,000
Net Debt	(95)	1,529	1,434

19. Capital commitments

	2022 £'000	2021 £'000
Contracted for at 31 July	<u>99</u>	<u>181</u>

20. Commitments under operating leases "Group and College"

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 Land & Buildings £'000	2022 Equipment £'000	2021 Land & Buildings £'000	2021 Equipment £'000
Payments due:				
Not later than one year	-	-	-	17
Later than one year and not later than five years	-	-	-	7
	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>

21. Related Party Transactions

There were no related party transactions in the year.

22. Prior Period Error

The ESFA have been investigating one of the College's previous subsidiaries, Achieve Through Learning Ltd. The investigation is in respect of sub-contracted apprenticeship delivery in respect of the years 2017/18 and 2018/19, where a number of learners, who actually withdrew and should have been reflected as having done so in the relevant year in accordance with funding rules, were not taken off the ILR until the year after. This resulted in an overclaim of Apprenticeship funds of £501,341.49 overstating income in the relevant year and as a result this is to be clawed back by the ESFA and the 2020/21 financial statements have been adjusted to reflect this prior year error.

Notes (continued)

23. Events after the end of the reporting period

On 29 November 2022, the Office for National Statistics reclassified all college corporations as public sector organisations.

There will be a period of consultation, but immediate implications are colleges' existing debt commitments do not need to change, however it also says that refinancing commercially is unlikely to be possible under the managing public money framework. Leeds College of Building does not have any debt maturing in the Going Concern period and therefore have no issues.

Further risks about the use of overdrafts and revolving credit facilities do not apply to the College.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LEEDS COLLEGE OF BUILDING AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 29 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Leeds College of Building during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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.

We are independent of the Leeds College of Building in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of Leeds College of Building for regularity

The Corporation of Leeds College of Building is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Leeds College of Building is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LEEDS COLLEGE OF BUILDING AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY *(continued)*

Reporting accountant's responsibilities for reporting on regularity *(continued)*

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to the Corporation of Leeds College of Building and the Secretary of State for Education acting through 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 Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Leeds College of Building and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date 14/12/2022