

LEEDS COLLEGE OF BUILDING

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 JULY 2023

2022/23



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Contents	Page Number
Operating and Financial Review	4
Statement of Corporate Governance and Internal Control	19
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	25
Statement of the responsibilities of the members of the Corporation	26
Independent auditors' report to the Corporation of Leeds College of Building	27
Statement of Comprehensive Income and Expenditure	30
Statement of Changes in Reserves	31
Balance sheet	32
Statement of Cash flows	33
Notes	34 -56
Independent Reporting Accountant's Report on Regularity to the Corporation of Leeds College of Building and Secretary of State for Education Acting through the Education and Skills Funding Agency ('ESFA')	

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	Term of Office	Date of Resignation	Status of Appointment	Committees Served	*Board Attendance
Mr Peter Norris (Chair until April 2023)	August 2021	4 years	N/A	External	Search & Governance; Performance & Remuneration	100%
Mr Mark Roper (Chair from April 2023)	August 2021	4 years	N/A	External	Audit; Performance & Remuneration	71%
Ms Elaine Armitage	November 2022	4 years	N/A	External	Audit	86%
Mr Simon Bray	February 2022	4 years	February 2023	Staff Governor	None	25%
Mrs Nicola Davis	August 2022	N/A	N/A	Principal	Search & Governance	86%
Mr James Dunford	October 2022	4 years	N/A	External	None	100%
Mr Wasim Feroze	March 2022	4 years	N/A	External	Search & Governance	86%
Ms Debbie Forsythe-Conroy	April 2021	4 years	N/A	External	Audit	71%
Ms Rachel Lindley	September 2022	to 31 July 2024	N/A	External	Audit	86%
Ms Caroline Meehan	January 2023	4 years	N/A	External	Lead Governor Safeguarding and Prevent	43%
Mr CJ Montgomery	December 2022	1 year	1 August 2023	Student	None	100%
Ms Katherine Naisbitt (Vice Chair from April 2023)	November 2022	4 years	N/A	External	Search & Governance	86%
Mr Michael Norton	October 2023	4 years	N/A	Staff	None	71%
Mr Derek Packer	May 2022	to 31 July 2023	31 July 2023	External	Search & Governance	86%
Prof Dave Russell	May 2022	4 years	N/A	External	None	57%
Mr Matthew Shields	June 2021	4 years	N/A	External	Audit	100%
Mr William Wallace	May 2023	4 years	N/A	Staff	None	100%
Ms Sarah Wilson	January 2023	4 years	N/A	External	Audit	71%
Ms Clare Harrigan	July 2023	1 year	N/A	External – Co-opted	Co-opted to Search & Governance Committee	N/A

*Board attendance is based on the seven meetings undertaken in 2022/23 or the date of appointment if commenced in 2022/23

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 – J Taylor-Holmes

Executive team

Principal and Chief Executive – N Davis
Vice Principal Finance & Resources - D Pullein

Operating and Financial Review

Nature, Objectives and Strategies

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

ONS Reclassification

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.

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

The College's financial objectives are:

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

	2022/23 Actual	2021/22 Actual
Cash balance	£3,601,000	£5,247,000
Investments	£2,035,000	£1,000,000
Adjusted Current ratio	1.56 :1	1.78:1
Dependency on Grant income	82%	77%
Pay as a % of income (excluding FRS 102 pension costs)	66%	66%
Adjusted Cash days in hand	97	96

The College generated an operating deficit in year of £776,000 (2021/22: deficit £614,000).

The College has particular concern over the financial effects of the war in Ukraine, Brexit and inflation. The cost of fuel, licence fees and materials are significantly higher.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

The College has accumulated reserves of £14,774,000 (2021/22: £12,085,000).

Tangible fixed asset additions during the year amounted to £1,132,000.

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

The College decided that its subsidiary LCB Enterprises Ltd would cease trading and has ultimately been struck off the Companies House Register.

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 Director of Governance 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. Following ONS reclassification colleges are now required to seek approval for all borrowings.

Cash flows

Cash flow decreased dramatically during the year, due to paying off an additional £1.2m from the NatWest loan.

Operating cash outflow was £1,646,000 (2021/22: inflow £2,357,000).

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 £12,855,000 (2021/22: £12,828,000).

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 curriculum intent at LCB is ambitious. We have high expectations for all our students and our priority is to develop the skills, knowledge, and behaviours that students require to progress into further study and careers. At LCB we understand that a qualification is not a curriculum, and we have a relentless focus on developing students' employability and personal skills to ensure they can thrive in modern Britain and beyond. We have excellent links with employers to ensure that our curriculum is designed and developed in collaboration with them. We also work closely with local Labour Market Intelligence and continue to enhance our number and the quality of our strategic partnerships and relationships. Our excellent relationships with industry ensure that students benefit from high quality technical, vocational, and academic standards that reflect the needs in the local, regional and national economies.

LCB has robust and detailed quality cycle information to support leaders and managers to continuously improve the student experience. The Quality Team manage a comprehensive Curriculum Area Review (CAR) process, supported by a programme of learning walks and regular collection of student voice feedback. This feedback is collected through cross-college surveys, meeting with student representatives (of which we had 40 who were trained in 22/23 academic year), single gender groups and LGBTQ+ student meetings. All of which is designed to ensure students receive a high-quality experience during their time at College. This information is used to focus specific attention on any areas that reveal further investigation through the CAR process or alternative mechanisms, actions will then follow where appropriate. The College Quality Improvement Plan (QIP) is a baseline for the work that we do in-year to improve the student experience too. Managers update performance against the actions in the QIP at regular points during the academic year.

Academic staff have expert knowledge of the subjects that they teach and use their industry knowledge well for the benefit of students. This subject knowledge is kept current with a range of opportunities provided for staff to consistently upskill and refresh their industry knowledge. We ensure that we are aware of developments and government initiatives to ensure our staff keep their knowledge current. Staff are currently being offered sessions around Sustainable Development Goals and Retrofit. Staff are also being given the opportunity to complete formal qualifications relating to some of these subjects.

Academic teams are provided with high quality pedagogy and andragogy approaches from a dedicated teaching and learning coach team. Staff have protected SEED (Skills Enhancement & Educational Development) time each week that enables them to discuss and refine their teaching approaches for the benefit of students. The support provided to academic teams enables them to provide high quality learning opportunities for students that supports them to remember more and provide learning in a way that allows students to build upon, improve and apply their knowledge and skills in a confident and assured manner. Assessment and feedback are important cornerstones of our teaching approaches to ensure that academic teams know what students are learning and can push them to develop better skills and knowledge. Academic teams employ a range of different assessment methods to enable students to demonstrate their knowledge and understanding in ways that are appropriate for them.

Customer Satisfaction

In 21/22 we tested the results of the student perception surveys as the overall results were very positive and did not necessarily represent the student voice feedback we were seeing through learning walks and CAR's. The drop in the results for 22/23 is down to asking fewer questions which hopefully gets that more representative view from students.

In addition, we have also added a 'don't know' option (as recommended by a survey consultant last year). After investigation, broadly the proportion who 'disagree', i.e. those who do not feel safe in College is still in line with previous years' surveys. The difference now is we have a significant number who are choosing the 'don't know' option which has affected the results negatively. As for those students who tell us they do not feel safe, we pursued these students through the CAR process and conducted focus groups. Finally for future surveys we are going to be splitting the results by provision type so we can better identify the areas of attention and ensure that any concerning perceptions can be dealt with much faster.

Operating and Financial Review (continued)

Financial objectives (continued)

Current and Future Development and Performance (continued)

Customer Satisfaction (continued)

	Strategic Aim	2021	2022	2023
YOUNG PEOPLE				
I would recommend the College	1	97% agree	81% agree	78% agree
I feel safe at the College	1	99% agree	89% agree	88% agree
ADULT LEARNING				
I would recommend the College	1	95% agree	81% agree	78% agree
I feel safe at the College	1	90% agree	89% agree	88% agree
APPRENTICES				
I would recommend the College	1	90% agree	81% agree	78% agree
I feel safe at the College	1	91% agree	89% agree	88% agree

External Verifier / Moderator Reports

All external verifier and moderator reports for the academic year 2022/23 showed full compliance with Awarding Organisation requirements and were very positive.

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 2022/23 the College has delivered activity that has produced £7,535,000 in main Education and Skills Funding Agency (ESFA) funding (2021/22: £6,586,000). The College had 4,455 (2021/22: 4,350) Education and Skills Funding Agency funded learners and 948 (2021/22: 818) non-Education and Skills Funding Agency funded learners.

Learner achievements

Apprenticeships

The College had 873 leavers in 22/23 academic year with an achievement rate of 59.6%. This achievement rate is stable with previous years and 6.2% above 21/22 national rates.

Education Programmes for Young People

16-18 achievement has reduced at 72.9%. Pass rates were 90.9%, with retention closing at 80.2%. Achievement on GCSE programmes for students achieving grades 9-4 English finished at 7.5% with a grade progress of 0.42, and Maths at 4.1% with grade progress at 0.67. When comparing progress measures against Construction departments in General Further Education (GFE) Colleges, LCB outperformed in English by 0.2, but underperformed in Maths by 0.23.

Adult Learners

19+ achievement finished at 77.7%. Pass rates were very high and improved on previous years at 95.8%, however retention dipped to 81.1%.

Subcontracting

The College's subcontracting provision is limited to Apprenticeships with NG Bailey and EAS Mechanical. In 22/23 Achievement for sub-contracting finished at 74.2%. Retention was 80.4%, with strong Pass rates of 92.2%.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Current and Future Development and Performance *(continued)*

Collaboration with employers, the community and suppliers

Overview

A substantial and long-term investment is needed to support the industry to increase labour supply, improve retention, address skills shortages, and develop the new skills needed to take advantage of technologies. Leeds College of Building is committed to contributing to prepare students to help meet the skills gap by working with external stakeholders from four categories, Employers, Civic Partners, Education Partners and Community Partners.

Employers

Leeds College of Building works with over 800 employers through varying degrees of engagement, predominantly SME's from the local area. The College also has partnerships with national organisations, delivering apprenticeships across the country. For example, the College delivers a hub and spoke delivery model for NG Bailey, directly delivering apprenticeships as the hub, and effectively managing subcontracting partnerships for the spoke colleges. BAM Nuttall also works closely with the College to deliver apprenticeships, on a highly bespoke model involving nine block weeks of study, with apprentices coming from across the country. Our Transport Planning Apprenticeships, developed with the Chartered Institute for Highways and Transportation, are delivered for major partners such as West Yorkshire Combined Authority and Transport for London.

Our Apprenticeship offer has been developed to reflect demand from the sector. Traditional craft areas continue to be needed, in unprecedented levels, and the College is now working directly with the Institute of Apprenticeships and Technical Education (IfATE) to ensure that the Standards reflect the needs of small employers. Our area of growth, since 2017, has been Higher and Degree Apprenticeships. In conjunction with our Higher Education Advisory Board, the curriculum has been developed and implemented to reflect employer demand. For example, the Construction Support Technician was developed by the College, following feedback from its Employer Forum, and led by local employers, chaired by Engie.

The College has strategic partnerships with national employers such as NG Bailey, BAM Nuttall and JN Bentley, who all sit on the College's employer forum, which supports curriculum development, including the implementation of Degree Apprenticeships in Civil Engineering Site Management and Quantity Surveying. CITB and Leeds College of Building have a close working relationship, supporting development of appropriate Standards, and working together to reduce the skills gaps within the construction sector.

Civic Partners

Leeds College of Building is one of seven colleges within West Yorkshire, who are part of the West Yorkshire Consortium of Colleges (WYCC). The consortium was set up to operate on behalf of the further education colleges in the region, to deliver training, predominantly funded by the European Social Fund (ESF), and now the Department for Education (DfE) and WYCA.

The College was a founding member of the Leeds Learning Alliance, which is a Trust formed by like-minded Leeds educational organisations based upon a shared commitment to inclusion, close collaboration, and high-level ambition. Members of the alliance include Leeds City Council, Leeds Trinity University, Luminate Education Group, Leeds Rhinos Foundation, Carr Manor Community School, Bankside Primary School, Ahead Partnership, Wetherby High School.

We are a member of the Leeds Inclusive Anchors Network, which is a group of the City's largest (mainly) public sector employers. They come together and focus on areas where they can make a difference for people as an employer, through procurement, service delivery or as a civic partner. Anchors are locally rooted, have high spend, provide vital services and are influencers, enablers, and champions within the City. There are 14 anchor institutions in Leeds. These are Leeds College of Building, Leeds Teaching Hospitals NHS, Leeds Beckett University, Leeds City College, Leeds and York Partnership Foundation NHS Trust, University of Leeds, Leeds Community Healthcare NHS Trust, Leeds Trinity University, Leeds City Council, NHS Digital, Yorkshire Water, British Library and Northern Gas Networks.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Current and Future Development and Performance *(continued)*

Collaboration with employers, the community and suppliers *(continued)*

LCB has contributed to the development of the LSIP, with the Chamber of Commerce. The Principal and CEO sits on the leadership group for the Chamber and is on the Steering Committee for the LSIP.

Community Partners

The College is the only education partner of the Joseph Aspdin Skills Trust (JAST), which is a small local charity that aims to support young people from deprived communities to access green skills. This work is growing in importance and expansion of the project across other providers is being developed. The trust pay for a dedicated member of staff to create and deliver training on climate change and green skills to all our 16-18 year old students. Discussions with the West Yorkshire Combined Authority are developing ways to use the Green Skills Fund to expand this work.

Our 14-16 part-time provision has grown over the past few years as schools have requested support with vocational programmes, either as bespoke cohorts or for individual students. There are approximately 120 students on this provision currently.

Education Partners

Managers from our Construction Craft Faculty are working directly with IfATE on employer groups to ensure that the voice and experience of small employers is met in the development of Standards. Examples of impact are the ability to use simulation in College for niche skills, such as corncoring in plastering, or the change in the EPA of using in College facilities rather than on site for roofing apprentices.

LCB staff sit on various committees including The Tile Association Training Committee, NAPL (National Association of Plastering Lecturers), Guild of Bricklayers and The British Woodworking Federation. By sitting on these committees, staff contribute to shaping curriculum design to meet the needs of industry to fully prepare students for work.

LCB have a long-standing agreement with Leeds City College, who are the only other vocational provider in Leeds. Leeds City College deliver other vocational areas and do not deliver construction related programmes. This agreement supports collaboration and reduces duplication of provision.

School liaison staff and members of SLT work collaboratively with over 45 schools within the local area to offer IAG to students who want a career in construction prior to them starting at College. This includes talking in school assemblies, offering guided tours of the College and delivering practical taster sessions for students. In 22/23 LCB delivered taster sessions to over 200 students from Trinity Academy.

On the 6 / 7 June, the University Centre hosted an EPA Workshop for JNB & NGB Apprentices. Activities included: Preparation of EPA documentation, meetings with EPAO and Mock Interviews. Past students conducted student interviews, feeding back on their own experiences. HE students and apprentices benefited from this experience.

College-wide Achievements

- Fourteenth place in the national Rate My Apprenticeship's best 50 training providers awards.
- Teaching Excellence Framework (TEF) – Silver rating.
- Leeds College of Building were involved in a project titled "The Barn". In May 2023, Leeds College of Building worked with Leeds2023, to construct a full-sized barn in Leeds City Centre. This was then used to host festivals to celebrate Leeds 2023. The 'barn raising' was done in a 24-hour window, by 300 women.
- In 22/23 we celebrated huge success in the regional SkillBuild competitions. As a result we have 9 students competing across 5 disciplines in the National finals in Birmingham.

Operating and Financial Review *(continued)*

Financial objectives *(continued)*

Current and Future Development and Performance *(continued)*

Future Curriculum Developments

The College works with a wide range of employer networks, sector representatives and large employers to support the development of our curriculum to meet local and national needs. We have used our civic partnerships from the Local Enterprise Partnership (LEP) and the Confederation of British Industry (CBI) to inform our curriculum planning and tested these outcomes with a range of industry employer boards to ensure we have the correct checks and balances in place. We started to deliver an increased amount of Higher and Degree Level Apprenticeships through our validating partners of Leeds Beckett University and London South Bank University. We have also recently been awarded a 'Silver' rating through the Teaching & Excellence Framework (TEF) which recognises the strong outcomes and feedback from our students and stakeholders.

Since Covid, outcomes for English and Maths have been declining. In an attempt to turn this around and halt the decline, initial assessment for all students studying on English & Maths pathways have been carried out for all who did not achieve a Grade 4 at GCSE. We have invested in a new initial assessment & diagnostic tool which identifies students' starting points and uses artificial intelligence (AI) to develop an individualised learner journey. In addition to advances in process and systems, we permanently appointed new Heads of English and Maths to lead the improvements needed within the team.

T Level developments are ongoing, and we have successfully delivered our first year one cohort in the Design, Surveying and Planning T Level in 22/23 academic year. We are closely monitoring the changes to national curriculum reforms at all levels and are responding accordingly, both to consultations and pivoting curriculum where necessary and appropriate.

Resources:

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

Tangible resources include:

Financial:

The College has cash balances of £3,601,000 as at 31 July 2023, of which £959,910 were capital grants received but not spent. In addition, the College has £2,035,000 of money market investments at year end.

People:

The College employs 393 people based on average ahead count.

The Office for National Statistics (ONS) reclassified colleges as public sector in November 2022. The College is complying with the Managing Public Money (MPM) regulations whilst it waits for the Further Education (FE) handbook to be published.

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.

Operating and Financial Review (continued)

Current and Future Development and Performance (continued)

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, pressures on staff pay awards and cost of and availability of materials is a real concern to the College. The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management 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 Risk Management 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 Strategic Leadership Team have reviewed the appropriateness of the going concern assumption as a basis for the preparation of these financial statements (see page 13 for further details).

Government funding

The College has considerable reliance on continued government funding through the education sector funding bodies. In 2022/23, 85% of the College'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 approximately 50% Apprenticeship funded and with rates fixed again in 2023/24, the College continues to adopt a growth strategy to remain financially secure.

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 Corporation, at its October 2022 meeting, approved the strategy from the Strategic Leadership Team to remain at its North Street Campus. The College is now developing a "master plan" for North Street which includes significant investment in the infrastructure to ensure longevity and to make the campus more like the two buildings at South Bank. A good deal of this investment will be aimed at being more sustainable and the first initiative for this is to join the District Heat Network. This exciting development will change the primary source of heating at North Street to hot water, from gas. The 20 year estimate is this will save 3800 tonnes of carbon.

RAAC

The College undertook a survey in January 2023 and this concluded there was no Reinforced Autoclaved Aerated Concrete (RAAC) at the North Street campus.

Going Concern

The College, as normal, set a cautious budget for 2022/23 and delivered a very good year in terms of maintaining a "Good" financial health status.

The balance sheet is strong and the College maintains health cash balances.

The two year financial plan shows the College as "Good" in both years.

The College financial plan comfortably meets the Bank Covenants in all years.

The financial plan includes the College investing £500k each year in the College estate.

16-18

The College has an allocation of 1,150 learners and at the time of writing has enrolled 1,210.

Apprenticeships

The target in the financial plan is 2,329. To date 2,245 have been enrolled.

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. 2022/23 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 £3.3m) the College has Bank Covenants in place with its lender, NatWest. The 3-year financial plan comfortably meets these covenants.

Operating and Financial Review (continued)

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 2022/23 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 2022/23 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 2023/24 and beyond, to at least 31 July 2025 (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.

ONS Reclassification

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 academic year August 2022 to July 2023 presented a range of challenges and initiatives at the College.

Recruiting Challenges: The College faced difficulties in filling various job positions, including those in Electrical, Catering, Learning & Development, Exams, and Support Workers. Despite these challenges, the College successfully recruited and appointed 82 new staff members, with six of them being senior roles, and 20 internal promotions.

Financial Wellbeing Support: In response to the financial crisis, the College took steps to support the financial wellbeing of its staff. This support included workshops on topics like mortgages, pensions, debt management, savings, and other financial advice.

Financial Support: The College provided direct financial support to staff in the form of non-consolidated payments. A £400 payment was made in October 2022, followed by a further payment of £1,000 in April 2023. Additionally, the College approved a 4% cost of living rise for salaries, which was backdated to August 2022.

Living Foundation Wage: The College has continued its commitment to paying the Living Foundation Wage, with an increase to £10.90 per hour for the lowest-paid staff.

Staff LCB Benefits Platform: The College offers a staff LCB Benefits platform, which provides staff with access to financial savings on everyday items from various high street retailers. The platform is actively promoted during staff induction and throughout the year to encourage staff to take advantage of the offers.

Support for Sickness Absence: The College supports staff through sickness absence by engaging Occupational Health Services and directing staff to the Employee Assistance Programme helpline when needed.

Period of Transformation: During the academic year 2022-23, the College underwent a period of transformation. Human Resources played a crucial role in supporting and guiding teams, individual employees, and managers through this period of change. Change was recognised as both a positive force and a potential challenge, and ongoing support was provided to those experiencing change.

These initiatives demonstrate the College's commitment to supporting its staff in various ways, including financial well-being, career development, and addressing challenges that arise during times of change.

Operating and Financial Review (continued)

Human Resources (continued)

Gender Pay Gap: In the year to 31 March 2022, we are delighted to report that we continue to see a decrease in our mean Gender Pay Gap year on year. The mean pay gap has reduced by a further 0.2% to a 18.5% gap. At the management level, both the median pay gap and the mean pay gap have decreased significantly, indicating a relatively small difference in average pay between genders. Similar positive trends are observed in teaching and support roles, where both the mean and median pay gaps have decreased. Whilst the median pay gap overall has increased slightly by 2%, this is attributed to changes in senior leadership roles.

Ethnicity Pay Gap: For the first time the College voluntarily produced an Ethnicity Pay Gap report. For 29% of the workforce we currently hold no ethnicity data for employees due to no longer capturing this at application stage. The College recognises that our Ethnicity Pay Gap will change as we improve the quality of our data.

Employee headcount has varied compared to recent years where there had been a period of stability during and following the Covid-19 pandemic. The employee headcount reduced to 397 from a previous head count of 413 employees in 2020/21, however the College's FTE had seen an increase and this was mainly in the variable hours category and this returned to pre pandemic levels.

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) 2022/23

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 safeguarding tutorials, including online grooming, child criminal exploitation, sexual violence and sexual harassment, sexting, suicide ideation and self-harm, forced marriage, neglect, county lines and child on child abuse.

- 80 Study Programme groups received the Safeguarding Tutorial, reaching around 1,200 students and 32 first year apprentice groups also received the Safeguarding Tutorial, reaching around 480 students.
- Results from the end of year SPOC was that 89% of students asked stated "I feel safe at College". This is a 3% decrease from 2021-22. With this in mind, the topics for tutorials have been adapted in the hope that the students can continue to feel safe in the College environment.
- In 2022-23 there were 113 disclosures of criminal convictions / investigations at application. Only two applications were rejected due to the current risk being too high.
- Tutorials were undertaken to raise awareness of issues that affect young people such as Child Criminal Exploitation, drugs and weapons. 41 tutorials were undertaken reaching around 615 students.

Operating and Financial Review (continued)

Equality, Inclusion, Diversity and Safeguarding (including the Prevent Duty) 2022/23 (continued)

Safeguarding, Prevent and Policing Cases

- 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. All first-year groups, apprentices and Higher Education groups took part in this programme in 2022-23.
- Fundamental British Values and a culture of anti-bullying is promoted to students through the general College induction and 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.

CHILDREN LOOKED AFTER (CLA) STUDY PROGRAMME	23
CARE LEAVERS STUDY PROGRAMME	10
CHILDREN LOOKED AFTER (CLA) SKILLS ACADEMY	5
CARE LEAVER APPRENTICES	2
CHILDREN LOOKED AFTER (CLA) APPRENTICES	0
TOTAL	40

SAFEGUARDING CATEGORY	No. of referrals		
	2022 / 2023	2021 / 2022	% Diff
CHILD PROTECTION PLAN (CPP)	7	4	+75%
CHILD IN NEED (CIN)	14	8	+75%
SUICIDE IDEATION	81	52	+56%
SELF HARM	28	17	+65%
PREVENT	6	1	+500%
HOMELESSNESS	11	4	+175%
SEXUAL HARMFUL BEHAVIOUR	10	4	+150%
SERIOUS MENTAL ILL HEALTH	15	9	+67%
DOMESTIC VIOLENCE	24	9	+167%
PHYSICAL ABUSE	18	12	+50%
RETHINK FORMULATION	3	2	+50%
SEXUAL HARASSMENT	9	6	+50%
MISSING FROM HOME	4	4	0%
VICTIM OF SEXUAL ABUSE	5	3	+67%
CHILD TO CHILD ABUSE	14	21	-33%
CHILD SEXUAL EXPLOITATION	4	N/A	N/A
EMOTIONAL ABUSE	5	12	-58%
GROOMING	6	2	+200%
FINANCIAL ABUSE	4	4	0%
FORCED MARRIAGE	1	0	+100%
NEGLECT	3	3	0%
POLICE CATEGORIES INC CCE	136	98	+38%
TOTAL	388	274	+42%
	Categories Referred		

Operating and Financial Review *(continued)*

Equality, Inclusion, Diversity and Safeguarding (including the Prevent Duty) 2022/23 *(continued)*

Safeguarding, Prevent and Policing Cases *(continued)*

SAFEGUARDING REFERRALS AT APPLICATION FOR 2023-24	119
POLICE CASE REFERRALS	132
CONVICTION/UNDER INVESTIGATION REFERRALS AT APPLICATION	113
EHCP REFERRALS AT APPLICATION WITH SAFEGUARDING CONCERNS	51
STUDENTS WITH EHCPs AND SAFEGUARDING CONCERNS	36

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:

- Information, Advice and Guidance (IAG) concerning additional learning support and access arrangements is provided to students on application and enrolment.
- A range of assistive technology is available to students who have disabilities through the Library and the Inclusive Learning Support team.
- Specialist staff in the Inclusive Learning Support team provide a range of support to meet the specific needs of students who have learning difficulties and / or disabilities.
- There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.

Public Sector Facility Time Publication Requirements – 2022/23

Table 1 – Relevant Union Officials

Numbers of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.53 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

Operating and Financial Review (continued)

Public Sector Facility Time Publication Requirements – 2022/23 (continued)

Table 3 – Percentage of pay bill spent on facility time

Total cost of facility time	£5,530
Total pay bill	£14,089,096
Percentage of total bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

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	6.67%
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Approximated data presented relates to the period 1 April 2022 to 31 March 2023

Future Developments:

16-19 full-time Study Programme numbers are looking strong for 2023/24 and above the ESFA allocation and budget target.

Apprenticeship numbers are at 91% at the end of October, with enrolments ongoing and February starts planned.

The College growth plans are for:

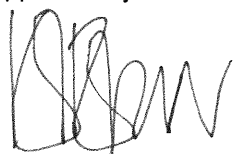
- 16-18 full-time
- Apprenticeships including Degree Apprenticeships
- Higher Education (HE)
- T Levels.

The College's North Street master plan for its Estate will be formulated during 2023/24.

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 19 December 2023 and signed on its behalf by:



Mark Roper
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 2022 to 31 July 2023, and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in 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 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. The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with / exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. This opinion is based on an approved self-assessment against the Code (using the September 2021 version of the Code). At their Board meeting on 11 July 2023, there were no issues identified against any of the 'must' requirements. An Internal Audit of Governance was undertaken in April 2023, this identified two recommendations which were actioned and reported to the Board. The Board has planned the External Review of Governance to be undertaken by July 2024.

The College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, 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 and that the required statements appear elsewhere in these financial statements.

The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, 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.

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

The Governance Framework *(continued)*

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

All seven Corporation meetings and nine subcommittee meetings were conducted on a hybrid basis.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee comprising of five members of the Corporation and one Co-opted member during 2022/23. The Committee is 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 carried out a self-assessment of its own performance for the year ended 31 July 2023 and identified a small number of development opportunities.

The Corporation is committed to development. All Corporation members have participated in some form of development activity during the year ended 31 July 2023. Activity has included: Governor Inductions, external Chair meetings, the AoC North Governance Conference, Student Governor training, safeguarding updates, Understanding our Stakeholders, Ofsted – a Governance perspective. Governors appointed during the period attended induction training.

Throughout the year 2022/23, the Director of Governance has participated in numerous development activities including: Governance Professional Network Meetings, Governance Conference, Governance Professionals Conference.

The governing body has considered DfE guidance on board reviews and has plans to commission an external reviewer during Spring 2024 but did not carry out a formal review in 2022/23.

The Corporation conducted an internal self-assessment of Governance for the year ending 31 July 2023 and the Governance Self-Assessment Report 2022/23 was considered and approved by the Board on 19 December 2023. 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; 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.

Statement of Corporate Governance and Internal Control (continued)

Performance & Remuneration Committee

Throughout the year ended 31 July 2023, the College's Performance and Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal (the Accounting Officer) and other senior post holders.

The Corporation adopted the AoC The Colleges' Senior Post Holder Remuneration Code on 19 March 2019. Details of remuneration for the year ended 31 July 2023 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprised of five members of the Corporation during 2022/23 (excluding the Accounting Officer and Chair of the Board (except on one occasion following the appointment of the Vice Chair to the Chair position in April 2023)). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee 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	3	75%
E Armitage	3	75%
R Lindley	3	75%
S Wilson	2	50%

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(ies).

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

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

The purpose of the system of internal control

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 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 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and 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*. 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.

Risks faced by the Corporation

The Corporation identifies risks internally via reports from the Strategic Leadership Team, e.g. monthly management accounts and reports on Teaching and Learning. External risks are identified via internal and financial statements auditors, Ofsted reports and visits from Examination organisations.

Statement of Corporate Governance and Internal Control (continued)

Responsibilities under funding agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts.

The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from 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 2022/23 and up to the date of the approval of the financial statements are:

Internal audit opinions and recommendations arising out of the audits in 2022/23 are shown below:

Ref.	Audit Title	Design	Application / Compliance	Overall Assurance	No. of recommendations & priority			
					H	M	L	A
1	Key Financial Controls – Corporate Credit Card	Good	Adequate	Substantial	-	1	-	-
2	ESFA Mock Funding Audit – Apprenticeships	Good	Adequate	Reasonable	1	4	4	-
3	Learning Support Funding	Adequate	Adequate	Reasonable	-	3	-	-
4	Tutorial Model	Adequate	Adequate	Reasonable	-	1	1	-
5	Corporate Governance	Good	Good	Substantial	-	-	2	-
6	Bursary & Learner Support Funding	Good	Good	Substantial	-	-	-	-
8	Follow up of Previous Internal Recommendations	N/A	N/A	Reasonable	-	2	-	-

The internal auditors were also able to:

*“Provide management and the Audit & Risk Committee with **Reasonable Assurance** that progress with implementing previously agreed internal audit recommendations has been timely and effective. In total, 3 recommendations were followed-up during their review. They confirmed that:*

- *1 (33%) of the previously agreed recommendations was found to have been fully implemented by management;*
- *1 (33%) of the previously agreed recommendations was found to have been partially implemented by management; and,*
- *1 (33%) of the previously agreed recommendations was found to have not been implemented by management, but is not yet due.”*

The internal auditors also confirmed:

“Except for one ‘high priority’ recommendation from our ESFA Mock Funding Audit – Apprenticeships (Report 01.22/23), no significant control issues were identified in 2022/23, as a result of our work undertaken”.

Statement of Corporate Governance and Internal Control (continued)

Statement from Audit Committee (continued)

The Audit Committee sought assurances at their meeting on 28 November 2023 from the Internal Auditors and College Management in relation to the 'high' priority recommendation in the ESFA Mock Funding Audit – apprenticeships. This related to:

- Attendance / evidence of attendance / progression

The Audit Committee was assured by the Internal Auditors that College management had directed the Auditors to look into this area; and an update would be provided to a future meeting. 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 & Risk Committee that a further follow up review would take place during 2023/24 to ensure that actions were implemented and monitored.

For 2022/23, 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, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

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 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Strategic Leadership Team and the auditors and taking account of events since 31 July 2023.

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

Approved by order of the members of the Corporation on 19 December 2023 and signed on its behalf by:



Mark Roper
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 framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Signed



Nicola Davis

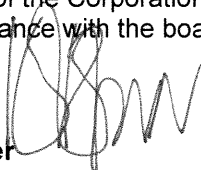
Accounting officer

19 December 2023

Statement of the Chair of Governors

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

Signed



Mark Roper

Chair of Governors

19 December 2023

Statement of the responsibilities of the members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The basis 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, Office for Students 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

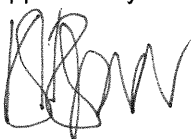
The Corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

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

Approved by order of the members of the Corporation on 19 December 2023 and signed on its behalf by:



Mark Roper
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") for the year ended 31 July 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the 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) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's 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 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 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 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 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 26, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the 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 audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the College operates in and how the 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 College is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

The 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 College's 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

20 December 2023

Statement of Comprehensive Income and Expenditure

		Year ended 31 July 2023	Year ended 31 July 2022
	Notes	£'000	£'000
Income			
Funding Body grants	2	18,029	17,297
Tuition fees and education contracts	3	2,727	2,787
Other income	4	1,048	963
Investment Income	5	39	
Total Income		21,843	21,047
Expenditure			
Staff costs	6	14,648	14,795
Other operating expenses	8	6,234	5,315
Depreciation	12	1,270	1,185
Interest and other finance costs	9	305	366
Total Expenditure		22,457	21,661
Deficit before other gains and losses		(614)	(614)
Loss on disposal of assets		(162)	-
(Deficit) before tax		(776)	(614)
Taxation		-	-
(Deficit) for the year		(776)	(614)
Remeasurement of net defined benefit pension asset / liability	17	3,465	13,613
Other comprehensive income for the year		3,465	13,613
Total Comprehensive income for the year		2,689	12,999

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

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

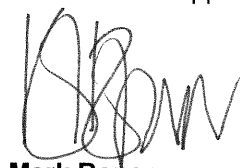
Statement of Changes in Reserves

	Revaluation reserve	Income & Expenditure account	Total
	£'000	£'000	£'000
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
(Deficit) from the income and expenditure account	-	(776)	(776)
Other comprehensive income	-	3,465	3,465
Transfers between revaluation and income and expenditure reserves	(151)	151	-
Balance at 31 July 2023	1,919	12,855	14,774

Balance sheet at 31 July 2023

	<i>Note</i>	2023 £'000	2022 £'000
Non-current assets			
Tangible fixed assets	12	31,888	32,188
		31,888	32,188
Current assets			
Stock		8	8
Trade and other receivables	13	1,218	1,670
Investments		2,035	1,000
Cash at bank and in hand		3,601	5,247
		6,862	7,925
Current liabilities: amounts falling due within one year	14	(5,617)	(5,469)
Net current assets		1,245	2,456
Total assets less current liabilities		33,133	34,644
Creditors: amounts falling due after one year	14	(18,072)	(19,411)
Defined benefit pension scheme	17	-	(2,813)
Provisions: other provisions	16	(287)	(335)
Total net assets		14,774	12,085
Unrestricted reserves:			
Revaluation Reserve		1,919	2,070
Income and expenditure account		12,855	10,015
Total unrestricted reserves		14,774	12,085

The accompanying notes and policies form part of these financial statements. The financial statements on pages 30 to 56 were approved and authorised by the Corporation on 19 December 2023 and were signed on its behalf by:



Mark Roper
Chair



Nicola Davis
Accounting Officer

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
(Deficit)		(776)	(614)
Adjustment for non-cash items			
Depreciation		1,270	1,185
(Decrease) / Increase in stocks		-	(1)
(Decrease) / Increase in debtors		452	(21)
Increase / (Decrease) in creditors		360	(115)
(Decrease) in provisions		(48)	(69)
Pensions costs less contributions payable		571	1,626
Interest payable		305	366
Loss on disposal of fixed assets		162	-
Net cash flow from operating activities		2,296	2,357
Cash flows from investing activities			
Payments made to acquire fixed assets		(1,132)	(702)
New Deposits		(1,035)	(1,000)
		(2,167)	(1,702)
Cash flows from financing activities			
Interest paid		(224)	(126)
Repayment of loan		(1,551)	(437)
		(1,775)	(563)
(Decrease) / Increase in cash and cash equivalents in the year		(1,646)	92
Cash and cash equivalents at beginning of the year		5,247	5,155
Cash and cash equivalents at end of the year		3,601	5,247

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 19. 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 2022 to 2023, 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 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 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.

Going Concern

The success of improving cash balances and balance sheet strength in 2022/23 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 31/7/2025, 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 16-19 full-time and Apprenticeships in mitigation.

16-18

The College has an allocation of 1,150 learners and at the time of writing has enrolled 1,210.

Apprenticeships

The target in the financial plan is 2,329. To date 2,245 have been enrolled.

Notes *(continued)*

1A. Statement of accounting policies *(continued)*

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. 2022/23 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 £3.3m) the College has Bank Covenants in place with its lender, NatWest. The 3-year financial plan comfortably meets these covenants.

Summary

The College believes it has considered all known possibilities and is as confident as it can be that it will continue throughout 2023/24 and beyond, to at least 31 July 2025 (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.

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.

Notes (continued)

1A. Statement of accounting policies (continued)

Recognition of income (continued)

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 2022/23 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.

Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling, and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The LGPS assets are managed by the scheme trustees at scheme level, and the determination / allocation of assets to each individual employer in the scheme is managed by the scheme actuary. The assets are allocated to each employer for accounting purposes based on the valuation of the assets at the latest triennial valuation as adjusted for subsequent contributions received from the employer, asset returns and benefit payments made (either on a cash basis or actuarial basis).

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

Notes (continued)

1A. Statement of accounting policies (continued)

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.

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

Notes *(continued)*

1A. Statement of accounting policies *(continued)*

Equipment *(continued)*

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

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

Leased assets

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

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

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.

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. Critical areas of judgement

Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

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.
- **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit obligation 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 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes *(continued)*

2. Funding Body grants

	2023	2022
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency – Adult	31	47
Education and Skills Funding Agency – 16-18	7,506	6,539
Education and Skills Funding Agency – Apprenticeships	9,156	8,988
Release of government capital grants		
Buildings	414	860
Equipment	207	183
Other funds	715	680
	<u>18,029</u>	<u>17,297</u>

3. Tuition fees and education contracts

	2023	2022
	£'000	£'000
UK Further Education Students	<u>627</u>	<u>530</u>
Total tuition fees	<u>627</u>	<u>530</u>
Education contracts		
Higher Education	687	667
Other	<u>1,413</u>	<u>1,590</u>
	<u>2,100</u>	<u>2,257</u>
	<u>2,727</u>	<u>2,787</u>

Notes (continued)

3a. Total Grant and Fee Income

	2023	2022
	£'000	£'000
Grant Income from OfS	534	472
Grant Income from other bodies	18,029	17,297
	18,563	17,769
Higher Education Fees	153	195
Other fees and contracts	2,040	2,120
Total Grant and Fee Income	20,756	20,084

4. Other income

	2023	2022
	£'000	£'000
Residences, catering and conferences	371	324
Examinations Fees	11	15
Other Income	666	624
	1,048	963

5. Interest Receivable

	2023	2022
	£'000	£'000
Investment interest	39	-

Notes (continued)

6. 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:

	2023	2022
	No.	No.
Teaching departments	194	190
Teaching support	131	141
Non-Teaching	68	77
	<u>393</u>	<u>408</u>

Staff costs for the above persons were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	10,937	10,294
Social security costs	1,079	1,009
Other pension costs	2,570	3,475
Contractual Restructuring costs	62	17
	<u>14,648</u>	<u>14,795</u>

Leeds College of Building gave a 4% pay award in March 2023, backdated to 1 August 2022. In addition, non-consolidated payments of £400 (October 2022) and £1,000 (March 2023) were paid.

Notes (continued)

7. 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:

	2022/23 Number of Senior Postholders	2022/23 Number of Other staff	2021/22 Number of Senior Postholders	2021/22 Number of Other staff
£ 60,001 to £ 65,000	-	1	-	2
£ 65,001 to £ 70,000	-	2	-	-
£ 70,001 to £ 75,000	-	-	-	-
£ 75,001 to £ 80,000	-	-	-	-
£ 80,001 to £ 85,000	-	-	-	-
£ 90,001 to £ 95,000	-	-	1	-
£ 95,001 to £100,000	-	-	-	-
£100,001 to £105,000	-	-	1	-
£105,001 to £110,000	1	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	-	1	-
£130,001 to £135,000	1	-	-	-

Severance payments

The College paid 2 severance payments in the year, disclosed in the following bands:

0- £25,000	1
£25,001 - £50,000	-
£50,001 - £100,000	1
£100,001 - £150,000	-
£150,000+	-

Key management personnel

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

Notes (continued)

7. Compensation of key management personnel (continued)

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 and Vice Principal Finance & Resources. There are three Senior Postholders in total with the Director of Governance being in addition to the Executive Team mentioned above.

	2023	2022
	Numbers	Numbers
The number of key management personnel, including the Accounting Officer	3	4

Staff, including the Accounting Officer's compensation is made up as follows:

	2023	2022
	£'000	£'000
Salaries	261	338
National Insurance	33	43
Bonus	-	-
	<u>294</u>	<u>381</u>
Pension contributions	54	69
Total	<u>348</u>	<u>450</u>

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

Notes (continued)

7. Compensation of key management personnel (continued)

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer). The 2022 figures are for the previous Accounting Officer who retired on 31 July 2022.

	2023	2022
	£'000	£'000
Salary	131	126
Bonus	-	-
	131	126
Pension contributions	31	30
Total	162	156

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:

	2023	2022
Basic salary as a multiple of the median of all staff	4.06	4.10
Total remuneration as a multiple of the median of all staff	4.25	4.30

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 £872.58 (2021/22: £243.45 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 (2021/22: Nil).

Notes *(continued)*

8. Other operating expenses

	2023	2022
	£'000	£'000
Teaching departments	2,416	1,895
Teaching support	562	600
Non Teaching	3,256	2,820
	6,234	5,315

(Deficit) before taxation is stated after charging:

Auditors' remuneration – excluding VAT:

Financial statement audit	43	35
Internal audit	14	10
Operating leases rentals	13	15

For Information

Write offs and losses

The total of bad debts written off in year was £7,176. There were no bad debts where the value was £5,000 or more.

Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities issued in the year.

Compensation payments and ex-gratia payments

There were no ex gratia payments made in the year.

Notes (continued)

8. Other operating expenses (continued)

Included within expenditure are the following transactions, individual transactions exceeding £5,000 are identified separately:

	Total	Individual items above £5,000 Amount	Reason
	£	£	
Compensation payments	-	-	-
Write off and losses	7	-	Debts that were not able to be collected
Guarantees, letters of comfort and indemnities	-	-	-

9. Interest and other finance costs

	2023	2022
	£'000	£'000
Bank Interest on bank loans	213	126
Net interest on defined pension asset / liability (note 17)	81	240
Other interest	11	-
	305	366

10. 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>

Notes (continued)

11. Taxation

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

12. Tangible fixed assets

	Land and Buildings Freehold £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2022	39,927	4,847	44,774
Additions	708	424	1,132
Disposals	(253)	(231)	(484)
At 31 July 2023	40,382	5,040	45,422
Depreciation			
At 1 August 2022	9,311	3,275	12,586
Charge for year	922	348	1,270
Disposals	(109)	(213)	(322)
As at 31 July 2023	10,124	3,410	13,534
Net book value			
At 31 July 2023	30,258	1,630	31,888
At 31 July 2022	30,616	1,572	32,188

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)

13. Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	67	316
Other receivables	91	87
Amounts owed by group undertakings	-	103
Prepayments and accrued income	9	27
Amounts owed by the ESFA	1,051	1,137
	1,218	1,670

14. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Bank Loan	350	350
Trade payables	386	410
Other taxation and social security	281	258
Other creditors	458	480
Accruals and deferred income	3,207	3,147
Government capital grants	768	638
Owed to ESFA	167	186
	5,617	5,469

Creditors: amounts falling due after one year

	2023	2022
	£'000	£'000
Bank Loan	2,912	4,463
Government capital grants	14,993	14,614
Owed to ESFA	167	334
	18,072	19,411

15. Bank Loans

Repayment analysis:

	2023	2022
	£'000	£'000
Bank Loan:		
In one year or less	350	350
Between one and two years	350	350
Between two and five years	960	960
In five years or more	1,602	3,153
	3,262	4,813

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.

Notes (continued)

16. Provisions for liabilities

	Enhanced Pensions £'000
At 1 August 2022	335
Utilised in the year	(32)
Reversed in the year	(16)
At 31 July 2023	287

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:

	2023	2022
Discount Rate	5.00%	3.30%
Inflation Rate	2.80%	2.90%

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

	2023 £'000	2022 £'000
Teachers' pension scheme: contributions paid	1,168	1,120
Local Government Pension Scheme: Contributions paid	858	768
FRS 102 (28) charge	571	1,626
Charge to Statement of Comprehensive Income	2,597	3,514
Enhanced pension charge to Statement of Comprehensive Income	(27)	(39)
Total pension cost for year within staff costs	2,570	3,475

Notes (continued)

17. Defined benefit obligations (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2020 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 and the Employer Contribution Rate was assessed using agreed assumptions in line with the Directions and was accepted at the original assessed rate as there was no cost control mechanism breach.

The valuation report was published on 26 October 2023. The key results of the valuation are:

- Total scheme liabilities for service (the capital sum needed at 31 March 2020 to meet the stream of future cash flows in respect of benefits earned) of £262 billion.
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £222 billion.
- Notional past service deficit of £39.8 billion (2016 - £22 billion).
- Discount rate is 1.7% in excess of CPI (2016 – 2.4% in excess of CPI), (this change has had the greatest financial significance).

As a result of the valuation, new employer contribution rates have been set at 28.6% of pensionable pay from 1 April 2024 until 31 March 2027 (compared to 23.68% under the previous valuation including a 0.08% administration levy). The DfE agreed to pay a Teachers' Pensions employer contribution grant to cover the additional costs during the 2021-22 academic year, and currently through to July 2024.

The pension costs paid to TPS in the year amounted to £1,169,000 (2021/22: £1,120,000).

The amount owed to TPS at year end was £158,943.

Notes (continued)

17. Defined benefit obligations (continued)

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 2023 was £858,000 (2021/22: £768,000). The agreed Employer contribution rate is 18.4% until 31.3.24. The rate from 1.4.24 is 18.9%. Employees contributions range from 5.5% to 12.5% depending on salary.

The amount owed to WYPF at year end was £96,012.

Principal Actuarial Assumptions

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

	2023	2022
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	4.90%	3.40%
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:

	2023	2022
	£'000	£'000
Retiring today / current pensioners		
Males	21.0	21.8
Females	24.0	24.6
Retiring in 20 years / future pensioners		
Males	22.2	22.5
Females	25.1	25.7

* Includes current experience of CPI at 9.9%

Notes (continued)

17. Defined benefit obligations (continued)

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

	Fair value of assets at 31 July 2023 £'000	Fair value of assets at 31 July 2022 £'000
Equities	21,387	20,031
Government Bonds	1,923	1,743
Other Bonds	1,202	1,086
Property	881	1,010
Cash/Liquidity	828	1,010
Other	481	379
Total fair value of plan assets	26,702	25,259
Actual return on plan assets	946	853
	2023 £'000	2022 £'000
Present value of scheme liabilities		
Funded	(22,917)	(28,059)
Unfunded	(14)	(13)
Fair Value of Assets	26,702	25,259
Asset / Deficit in the scheme	3,771	(2,813)

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

	2023 £'000	2022 £'000
Employer service cost	1,429	2,394
Net interest on the net defined benefit pension liability	(81)	(240)
Total	1,348	2,154

Charges in the present value of defined benefit obligations

	2023 £'000	2022 £'000
Defined benefit obligations at start of period	28,072	38,448
Current service cost	1,429	2,394
Interest cost	948	651
Employee contributions	296	294
Actuarial (gain) / loss	(7,157)	(13,171)
Benefits paid	(657)	(544)
Defined benefit obligations at end of Period	22,931	28,072

Notes (continued)

17. Defined benefit obligations (continued)

Changes in fair value of plan assets

	2023 £'000	2022 £'000
Fair value of plan assets start of period	25,259	23,888
Interest income	867	411
Return on plan assets (excluding net interest on the net defined benefit liability)	79	442
Employer contributions	858	768
Employee contributions	296	294
Benefits paid	(657)	(544)
	<u>26,702</u>	<u>25,259</u>
Fair value of plan assets at end of period		

Movement in deficit during year

	2023 £'000	2022 £'000
Deficit in scheme at beginning of year	(2,813)	(14,560)
Current service charge	(1,429)	(2,394)
Contributions	858	768
Net interest/return on assets	(81)	(240)
Actuarial gain or loss	3,465	13,613
	<u>-</u>	<u>(2,813)</u>
Asset / deficit in scheme at end of year		

The value of the College's share of net assets has been restricted due to the effect of the asset ceiling being the maximum value of the present economic benefits available in the form of the unconditional right to reduced contributions from the plan. A corresponding charge has been made to other comprehensive income in the period.

18. Analysis of changes in net (debt)

	At 1 August 2022 £'000	Cash Flow £'000	At 31 July 2023 £'000
Cash at bank and in hand	5,247	(1,646)	3,601
Bank loan	(4,813)	1,551	(3,262)
Investments	1,000	1,035	2,035
	<u>1,434</u>	<u>940</u>	<u>2,374</u>
Net Debt			

Notes (continued)

19. Capital commitments

	2023 £'000	2022 £'000
Contracted for at 31 July	<u>50</u>	<u>99</u>

20. Commitments under operating leases

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

	2023 Land & Buildings	2023 Equipment	2022 Land & Buildings	2022 Equipment
	£'000	£'000	£'000	£'000
Payments due:				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

21. Related Party Transactions

There were no related party transactions in the year.

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 those of 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 2022 to 31 July 2023 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 2022 to 31 July 2023 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 have complied with the independence and other ethical requirements of the FRC's Ethical Standard and the ethical pronouncements of the ICAEW. We also apply International Standard on Quality Management (UK) 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintain comprehensive systems of continuing quality management.

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

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 those of any other public funder 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.

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)*

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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20 December 2023