



ANNUAL REPORT

2022 – 2023

FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2023



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 JULY 2023**

CONTENTS

	Page number
Reference and Administrative Details	2
Strategic Report	3
Statement of Corporate Governance and Internal Control	19
Statement of Regularity, Propriety and Compliance	27
Statement of Responsibilities of the Members of the Corporation	28
Independent Auditor's Report on the Financial Statements	29
Consolidated Statement of Comprehensive Income and Expenditure	33
Consolidated and College Statement of Changes in Reserves	34
Balance Sheets	35
Statement of Cash Flows	36
Notes to the Financial Statements	37
Independent Reporting Accountant's Report on Regularity	60

Warwickshire College

Reference and Administrative Details

Senior Leadership Team

The Senior Leadership Team comprised the following in 2022/23

Angela Joyce	Chief Executive Officer (CEO); Accounting Officer (left 31 December 23)
Sara-Jane Watkins	Chief Executive Officer (CEO) & Principal; Accounting Officer (from 1 September 2024)
Peter Husband	Chief Operating Officer (COO) & Group Principal (until 31 December 23) Interim Chief Executive Officer (CEO) & Principal; Accounting Officer (from 1 January 24 to 31 August 24) Deputy Chief Executive (CEO) & Deputy Principal (from 1 September 24)
Roger Bevan	Chief Finance Officer (CFO)
Helen Kinghorn	Group Deputy Principal (left 31 January 24)
Kirsty Dimopoulos	Executive Director – People & Culture (from 1 September 24)

Board of Governors

A full list of Governors is given on pages 19 to 21 of these financial statements.

Caroline Menadue acted as Clerk to the Corporation throughout the period

Registered Office

Warwick New Road, Leamington Spa, Warwickshire CV32 5JE

Professional advisers

External Auditors

RSM UK Audit LLP, 103 Colmore Row, Birmingham B3 3AG

Internal Auditors

KPMG LLP, 1 Snow Hill, Queensway, Birmingham B4 6GH

Bankers

Lloyds Bank PLC, 125 Colmore Row, Birmingham B3 3SF

Solicitors

Eversheds Sutherland LLP, Kett House, 50 – 60 Station Road, Cambridge CB1 2JH

Jobsons Solicitors Limited, 4 North Courtyard, Dunston Business Village, Staffordshire ST18 9FJ

Shakespeare Martineau LLP, No 1 Colmore Square, Birmingham B4 6AA

Warwickshire College Strategic Report

OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the financial statements for Warwickshire College for the year ended 31 July 2023.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of Warwickshire College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was initially incorporated as Mid-Warwickshire College, Royal Leamington Spa. On 1 August 1996, the Secretary of State granted consent to the Corporation to change the College's name to Warwickshire College, Royal Leamington Spa and Moreton Morrell following the agreed merger of the assets of Warwickshire College for Agriculture, Horticulture and Equine Studies. The merger with Rugby College on 1 August 2003 resulted in the new name of Warwickshire College, Royal Leamington Spa, Rugby and Moreton Morrell. On 1 August 2007, the assets and liabilities of Pershore Group of Colleges (without the Holme Lacy centre) were acquired, which resulted in a further change of name to Warwickshire College. The College adopted the trading name of Warwickshire College Group in 2014. As at 1 August 2016 Warwickshire College merged with South Worcestershire College. The trading name WCG has since been adopted, to better reflect the College's increased presence in the two counties of Warwickshire and Worcestershire.

From 1 September 2021, the College was awarded time-limited Bachelor Degree Awarding Powers (BDAP) by the Office for Students and its Foundation Degree Awarding Powers (FDAP) were confirmed as indefinite. Warwickshire College is on the register of higher education providers as being able to award degrees to level 6. The Office for Students and Department of Education have approved the trading name "Warwickshire College and University Centre".

On the 29 November 2022, the Office for National Statistics (ONS) reclassified FE Colleges, sixth form colleges and designated institutions in England to the central government sector. This means these bodies are now subject to the framework for financial management set out in managing public money, guidance on central pay and other central government guidance.

Mission and Core values

Warwickshire College is a successful, complex general Further Education (FE) College with significant Higher Education (HE) and apprenticeship provision.

Our Mission

'Raising aspiration and realising potential through excellence in learning and development'.

The core values are:

- Put the student first
- Deliver the highest quality
- Act with fairness, openness and respect
- Challenge and Innovate

These core values are actively promoted at every opportunity. They provide a flexible framework by which decisions are made and priorities agreed.

Public Benefit

Warwickshire 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 pages 19 to 21.

Warwickshire College Strategic Report (continued)

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 students
- Strong student support systems
- Links with employers, industry and commerce
- Links with local and regional government agencies.

Implementation of the Strategic Plan

In September 2022, the College adopted a new five-year corporate plan – "Delivering Successful Futures II" which builds on the previous five year plan "Delivering Successful Futures."

Within the plan there are six strategic priorities. These are:

Student Success – To deliver a dynamic and responsive curriculum designed to maximise student outcomes and economic impact.

Financial Success – To build financial resilience and sustainability.

People Success – To attract, retain and develop high performing, well-motivated individuals, committed to our mission and our values.

Quality Success – To be an exceptional provider of education and training, delivering excellence in all activities.

Economic Success - To contribute to the local, regional and national economy through supplying and training the workforce.

Social Success – To ensure the Colleges are at the heart of their communities and play an active role in achieving equality in society.

Each priority has a set of success indicators attached to enable the College to track progress and to allow staff to see the part that they can play in ensuring the College meets its strategic priorities. These targets are reviewed and then set annually.

Warwickshire College Strategic Report (continued)

Key Performance indicators

Key performance Indicator	Budget for 2022/23	Actual for 2022/23	Budget for 2023/24
EBITDA as % of income – education specific	2.2%	2.3%	0.3%
EBITDA as % of income – excluding restructuring costs	3.1%	2.4%	1.2%
Staff costs (including contract services and excluding both the pensions adjustment and restructuring) as % of income	65.4%	65.5%	66.4%
Adjusted current ratio	0.70	0.44	0.68
Borrowing as % of income	9.4%	9.4%	7.8%
Reliance on ESFA income	70.7%	67.7%	68.7%
Financial Health Score	130	110	120
Financial Health Grade	Requires Improvement	Inadequate	Requires Improvement

The College has again delivered in the financial year at or close to budgeted expectations. The financial health grade however reflects a requirement to exclude capital advances in calculating the adjusted current ratio. This treatment had not been adopted in either budget.

The outlook for 2023/24 was challenging against a backdrop of cost pressures. The belated announcement of funding increases for 16-18 provision only, whilst welcome, failed to address these pressures fully. This is covered further in the Budget 2023/24 section of the commentary.

Financial Success Priority

To build financial resilience and sustainability. We aim to

- profitably grow our income
- increase efficiency and drive cost effectiveness
- optimise assets and capacity to invest
- provide an effective technology platform to drive organisational improvement

Development and performance

Financial Review

Income for the year at £51,194k (£48,821k 2021/22) an increase of £2,373k or 4.86%, principally driven by an increase in core 16-18 funding rates coupled with growth in high needs provision, apprenticeships and international.

During the year the College was subject to a funding audit with the final report issued in May 2024 indicating a significant clawback risk of £1,431k. Finalising the accounts was delayed pending these findings and the amount at risk has been provided in full. The College is still in discussion with the ESFA to agree the final position. This accounting treatment has a number of implications which are covered in more detail in the Future Prospects section below, also see Note 21 – Contingent Liabilities.

Staff costs at £32,979k (£33,205k 2021/22) in headline terms were marginally down by £226k or 0.7% on the prior year. This principally reflects a reduction in the LGPS FRS 102 charges by £1,549k due to actuarial assumptions (see note 23). The main driver of the underlying increase in staff costs reflects a combination of increased use of contract staffing due to recruitment issues and the impact of the pay award from the 1 January 2023. The award averaged 5%, but was focussed more towards lower paid staff.

Warwickshire College Strategic Report (continued)

Fundamental restructuring costs were £44k (£231k 2021/22). No collective consultation took place in either year, with the spend reflecting specific fine-tuning adjustments.

Other operating expenses at £16,006k (£13,442k 2021/22) were up by £2,564k or 19.1% on the prior year. This increase principally relates to grant funded projects and also inflationary pressures.

Depreciation and bank interest costs are broadly in line with the prior year. The FRS102 charge for interest on the defined pension liability has reduced by £850k in line with actuarial assumptions (see note 23).

In consequence the deficit before other gains and losses has reduced from £2,592k in 2021/22 to £1,647k in 2022/23.

The actuarial gain of £6,789k follows several years of volatility in actuarial assumptions (£50,677k gain in 2021/22, £1,676k gain in 2020/21, £15,638k loss in 2019/20 and £10,560k loss in 2018/19), further detail can be seen in note 23. The gain in 2022/23 was initially quantified at £14,004k but was “capped” to avoid creating an unrealisable asset.

Net cash at 31 July 2023 was £1,829k (£724k 2021/22 net cash). Net cash flow from Operating Activities for the year was £3,311k inflow (£3,965k inflow in 2021/22). Both years benefit from significant cash advances, which unwind in 2023/24 as projects are completed or clawbacks are applied.

The College has come a long way in the last few years in reducing debt and remains committed to an agreed debt amortisation schedule. We are equally committed to financial performance improvements and investment to develop the College sites.

The College is in breach of its current banking terms and is yet to agree new terms with Lloyds PLC, the governors are confident that they will secure support from both Lloyds and the Department of Education including the resetting of covenants in line with the current operational forecasts. This confidence is based on the strength of the relationships, the track record in reducing debt and therefore the bank exposure, the strength of the security package which reflects the significantly higher historic debt position and the support implication of FE Colleges being reclassified as part of Central Government. On this basis the full balance of the loan of £4,700k has been classified as a current liability which contributes significantly to the current liability position of £5,639k.

Warwickshire College Ltd, a wholly owned subsidiary of Warwickshire College, is an employment company and during the year supplied services to the College totalling £10,423k (£8,689k 2021/22) and purchased services from the College totalling £10,423k (£8,689k 2021/22).

Financial results

The College presents its financial statements under FRS 102 and the 2019 FE HE SORP.

The Group generated a deficit before other gains and losses of £1,647k (2021/22 £2,592k), after charging depreciation of £3,495k (2021/22 £3,333k). After disposal of assets the deficit was £1,272k (2021/22 £2,573k).

The Financial Reporting Standard (FRS102 – Section 28) pension adjustment again had a material impact on the financial statements during the year. A credit of £216k (2021/22 a cost £1,333k) for staff costs and £44k (2021/22 £894k) for finance costs were included in the operating deficit above. In addition, there was an actuarial gain of £6,789k (2021/22 £50,677k) which was recorded in the Statement of Comprehensive Income and Expenditure. The underlying actuarial gain was £14,004k, but this was capped at £6,789k to avoid recognising an unrealisable asset.

The funding received from ESFA was £33,931k (2021/22 £32,609k), this included £835k (£748k 2021/22) to compensate for Teachers’ Pension cost increases and grant funding released to income of £2,627k (£2,415k 2021/22) to offset spend on enhancing the quality of the College estate. In addition £303k (£202k 2021/22) of adult funding was received from the West Midlands Combined Authority. Office for Students funding decreased to £934k (2021/22 £1,010k) reflecting lower student numbers.

Tuition fees and education contract income was up by £81k or 0.8% to £10,083k (2021/22 £10,002k).

Warwickshire College Strategic Report (continued)

Other grants and contracts reduced marginally to £497k (2021/22 £517k), principally due to lower access to the Coronavirus job retention scheme £12k (2021/22 £567k).

Other Income at £4,560k recovered marginally (2021/22 £3,839k).

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Chief Executive as Accounting Officer. All other borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

Net cash flow from operating activities was an inflow of £3,311k (2021/22 £3,965k inflow). Net cash flow from investing activities was an outflow of £1,959k (2021/22 £1,562k). Cash and Bank in hand was £6,529k and Bank loans £4,700k resulting in net cash of £1,829k (2021/22 £724k). See Note 19.

At the year end the College had the following loans financed through Lloyds Bank plc. A secured term loan (£9m) of which £4.7m was available and that was fully drawn, with interest rates fixed for the full period ending September 2027. Lloyds were no longer able to provide a £0.5m overdraft facility as a result of the ONS reclassification of the sector.

Standard bank covenant tests have been applied in respect of leverage, cash flow cover and gearing. Lloyds have reviewed these tests annually since Covid and the College has remained compliant with the tests then set. New tests were last agreed at our annual facility review in November 2023 for the remainder of the Term loan facility, which runs until July 2027, based on our September Budget submission. The provision in respect of the funding audit findings has however triggered a breach of these conditions and Lloyds are aware of this position. They have agreed to revisit these terms once the new Budget for 2024/25 and Plan for 2025/26 are finalised. This is considered further in the Future Prospects section below. Lloyds remain very supportive of the College and have a strong security package.

Reserves Policy

The College 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 total unrestricted reserves stand at £59,965k (2021/22 £54,448k). The deficit for the year being offset by the actuarial gain. It is the Corporation's intention to increase underlying reserves over the life of the strategic plan through the generation of annual operating surpluses.

Reserves will remain vulnerable to actuarial fluctuations on local government pension schemes and more generally on funding needs of both the Teacher Pension and LGPS schemes, with the former being unfunded.

Resources

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

Tangible fixed assets of £93,114k (2021/22 £94,217k) include the College's seven College sites at Royal Leamington Spa, Rugby, Moreton Morrell, Pershore, Warwick Trident, Evesham, & Malvern Hills. The latter site has been closed since lockdown in March 2020 and is being marketed for sale.

The College has £59,965k (2021/22 £54,448k) of net assets including £Nil (2021/22 £6,961k) defined benefit obligations and net cash of £1,829k (2021/22 £724k).

Group companies

The College has four subsidiary companies, Warwickshire College Ltd, Warwickshire College Enterprises Ltd, Digital West Midlands Limited and Moreton Hall FEC. Warwickshire College Ltd commenced trading on 1 August 2017 as an employment company, whilst Warwickshire College Enterprises Ltd, Digital West Midlands Limited and Moreton Hall FEC all were dormant during the year.

Warwickshire College Strategic Report (continued)

Future Prospects

Budget for 2023/24

The financial budget for 2023/24 was, as usual, prepared by a combination of a top down modelling exercise and a bottom up build, with the two approaches being made to converge, as clarity around issues emerge. All budgets are dependent on a series of assumptions and we endeavour to be cautious in our projections. The budget for 2023/24 and an indicative plan for 2024/25 were initially approved by the Board in July 2023, prior to submission to the ESFA at the end of the month as required. Setting this budget was particularly challenging against a backdrop of cost inflation and related wage pressure, with no significant funding changes expected. This cost pressure was particularly (but not exclusively) evident in utility costs which were projected to double in 2023/24. The College had previously been protected against this by favourable long term contracts for gas (ended March 2023) and electricity (ended Oct 2023).

This financial budget for 2023/24 and indicative plan for 2024/25 was however subsequently revised in September 2023 to reflect the additional 16-18 funding allocation received on the 7th September (£1,698k). The belated announcement of funding increases for 16-18 provision only, whilst welcome, failed to address the cost pressures fully.

This revision was again approved by the Board, before resubmission to the ESFA at the end of September 2023.

Due to the delay in issuing the 2022/23 accounts, these accounts are being signed at the same time as we are preparing the 2023/24 results which will be presented to governors at their meeting on the 17 December 2024. Indications are that these results are marginally more positive than the budget.

Projections for future years are covered in more detail in the Going Concern section.

Going Concern

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

At the date of approving these financial statements, the governors have considered the cash flow position of the College and Group and have a reasonable expectation that the College and Group has adequate resources to continue in operational existence for the foreseeable future, subject to the conditions noted below which may cast significant doubt over the College and Group's ability to continue as a going concern if the required approvals and borrowings are not received as expected.

As part of the College and Group's going concern assessment detailed cash flow projections have been prepared, including scenarios which model a range of potential outcomes, these projections show that the College and Group will require additional funding during the next twelve months and potentially beyond, subject to the timing of future capital receipts and the impact of any additional claw back as noted elsewhere in this report. This additional funding is subject to the approval of the Department of Education, and based on the discussions held to date with ESFA funds are expected to be available in the form of loans with terms and conditions which support the liquidity and solvency of the College and Group. At the date of approval of these accounts these funds are subject to the necessary approvals and have not yet therefore been obtained, although the Department is working closely with the College Governors to conclude the application process.

As noted in the Financial Review section of the Strategic Report, the College is in breach of its current banking terms and is yet to agree new terms with Lloyds PLC, the governors are confident that they will secure this support including the resetting of covenants in line with the current operational forecasts. This confidence is based on the strength of the relationship, the track record in reducing debt and therefore the bank exposure, the strength of the security package which reflects the significantly higher historic debt position and the support implication of FE Colleges being reclassified as part of Central Government.

The Corporation continues to consider that the College and Group has adequate resources to continue in operational existence for the foreseeable future, being a period not less than 12 months from the date

Warwickshire College Strategic Report (continued)

of approval of these financial statements. For this reason, and whilst acknowledging there are material uncertainties which may cast doubt over the College and Group's ability to continue as a going concern, it continues to adopt the going concern basis in preparing the financial statements.

Student Success Priority

To deliver a dynamic and responsive curriculum designed to maximise student outcomes and economic impact. We aim to:

- continuously develop a dynamic curriculum to meet future employment needs and maximise the potential of individuals
- improve student outcomes and destinations
- build progression pathways for all subject areas
- use technology to enhance learning and promote research activity
- embed environmental sustainability and climate change awareness in all courses

Student numbers

The College had approximately 7,667 (2021/22 7,642) ESFA funded students and 1,709 (2021/22 2,709) non ESFA funded students. The number of students engaged in employer responsive learning was 1,844 (2021/22 1,762). 14-16 provision has continued with approximately 120 (2021/22 142) young learners attending programmes at the College.

In academic year 2022/23, using the revised OfS definition for counting HE students, there were 556 FTE students which includes new and returning full-time and part-time students, and those enrolled on full-cost recovery courses. In addition there are 197 Higher Education degree apprentices taught at the College.

Student involvement

The College continues to improve its responsiveness to students through robust and extensive student involvement activities, empowering students to affect change within the college community. Students have welcomed the opportunity to contribute to the development of the College through events such as the Student Parliament, Student Councils, the Student Union, and by taking an active role in College committees at all levels.

Student Achievements

Students continue to achieve well at the College. Achievement rates are good for further and higher education students. Students continue to progress to positive destinations on completion of their course with 96.4% of FE students moving into sustainable employment, further or higher education.

Safeguarding

Warwickshire College is committed to ongoing improvements in Safeguarding as part of our culture of Safeguarding. Our comprehensive Safeguarding policy with the accompanying Child Protection Procedures are reviewed and updated each year in line with the latest statutory guidance, Keeping Children Safe in Education 2023. The College uses MyConcern software to record all Safeguarding concerns and provides regular reports to the Safeguarding and Prevent Committee. Support and challenge is provided by our Link Governor for Safeguarding who reports directly to the Corporation Board on Safeguarding activity.

Prevent strategy policy statement

Warwickshire College is committed to supporting the national Prevent agenda, Section 26 of the Counter Terrorism and Security Act 2015 which places a duty on Further Education Colleges to 'have due regard, in the exercise of its functions, to prevent people being drawn into terrorism'. The College Prevent Strategy states that all staff, including sub contracted and agency staff, board members and volunteers within an organisation must understand their Prevent related responsibilities, especially in the context of safeguarding.

Warwickshire College Strategic Report (continued)

People Success Priority

Staff involvement

Within its five year strategy document, 'Delivering Successful Futures', the College has one of its priorities as people success to attract, retain and develop high performing, well-motivated individuals, committed to our mission and values. Specifically people success aims to:

- attract, identify, grow and retain talent as well as ensure succession planning
- ensure our staff are future ready through enhanced skills development
- provide a safe, supportive and progressive working environment for our staff
- have a highly engaged workforce who are committed to our mission and values

Operationally the College involves staff via regular staff forums at each college, staff talks by the Senior Leadership Team, staff survey and an online innovation site for staff ideas.

The College believes communication and engagement with its staff to be very important. An active intranet and regular internal communications are now embedded within marketing to ensure staff are kept well informed of College developments.

People

The College employs 1,222 (2021/22 1,193) people, of whom 807 (2021/22 781) are within teaching departments.

Trade union facility time for the period 1 April 2022 to 31 March 2023

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

Relevant Trade Union Officials

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
7	6.4

Percentage of time spent on facility time

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

Total cost of facility time	£60k
Total pay bill	£30m
Percentage of total bill spent on facility time	0.2%
Time spent on paid trade union activities as a percentage of total paid facility time	100%

Social Success Priority

To ensure that the colleges are at the heart of their communities and play an active role in achieving equality in society. We aim to:

- promote social mobility in each district and borough through educational opportunities
- support different groups and address disparities
- develop sustainable approaches in order to address environmental improvement.

Warwickshire College Strategic Report (continued)

Equality and diversity

Warwickshire College is committed to serving the wider community by developing equality of opportunity in all of its actions and by supporting human rights. The aim of the College is that everyone is given reasonable and appropriate support and the opportunity to reach their full potential. In fulfilling this aim the College works proactively to ensure that no one is disadvantaged as a result of their protected characteristics:

- age
- disability
- gender reassignment
- race
- marriage and civil partnership
- pregnancy and maternity
- religion/beliefs
- sex
- sexual orientation

The College actively promotes harmony between different groups and encourages both tolerance and understanding of the beliefs of others. The College is committed to recognising the achievements of all members of the College community. The College community is defined as places where College functions take place and includes all out-reach centres, work placements, employer premises and other venues where activities are taking place in the name of, or on behalf of, the College.

Every member of this Community has a responsibility to tackle and eliminate discriminatory behaviour including bullying, harassment and intimidation. Visitors, contracted personnel and partners will be required to ensure that equality is upheld both in principle and practice, when visiting or working with the College.

Public Sector Equality Duty came into force in 2011. The Equality Duty ensures that all public bodies play their part in making society fairer by tackling discrimination and providing equality of opportunity for all.

Complying with the Equality Duty may involve treating some people better than others, as far as this is allowed by discrimination law. For example, it may involve making use of an exception or the positive action provisions in order to provide a service in a way which is appropriate for people who share a protected characteristic.

Under the Equality Duty the College is required to:

- publish information to demonstrate their compliance with the Equality Duty, at least annually; and
- set equality objectives, at least every four years

Warwickshire College has an established Equality and Diversity Steering Group that ensures compliance with the Public Sector Equality Duty. There is a Link Governor for Equality and Diversity who attends the steering group meetings.

Encouraging participation of under-represented groups

The College is proactive in identifying under-represented groups and encouraging them to participate by developing flexible provision in appropriate surroundings within the College community. The College recognises that it has an opportunity to model equal access and empower all groups including disabled, ethnic, religious and socially & economically disadvantaged and will:

- Try to recruit governors who are representative of the student population and/or community;
- Encourage the widest participation from students, parents, lecturers and employers;
- Support individuals and community groups to express their case on matters affecting themselves and their community; and
- Encourage all employers to support their workforce in their learning.

This policy is representative of the College core values and will be monitored through the College Single Equality Scheme and associated actions.

Warwickshire College Strategic Report (continued)

The College in all its activities will endeavour to:

- Promote Equality and Diversity throughout the student journey and in particular in teaching and learning and in all areas of the curriculum;
- Provide vision and strong leadership in all aspects of equality, diversity and tolerance with all our stakeholders, students and staff;
- Respond to the needs of individual learners and seek to include those who are disaffected or marginalised;
- Provide the appropriate environment and facilities for all staff and not limit the equality of opportunity for particular staff;
- Provide the appropriate environment and facilities for all groups of students and not limit the equality of opportunity for particular groups;
- Ensure that all groups of students are supported to achieve their maximum potential;
- Consult with representatives of community groups, employers and other external organisations to inform the planning of specific learning programmes, initiatives, programme planning and curriculum development;
- Operate an admissions system that promotes tolerance of the beliefs of others, that is sensitive to all prospective students and staff and offers the relevant advice and guidance;
- Give prospective students (where appropriate) the opportunity to visit the College, so that they can make an independent judgement as to whether the environment is suitable;
- Provide reasonable support systems to students by encouraging disclosure, assessing their particular needs and publicising additional support arrangements including any costs incurred;
- Publicise childcare facilities and costs;
- Ensure that staff recruitment systems are compliant with equality legislation;
- Induct students and staff and raise their awareness of the Equality & Diversity Policy;
- Monitor feedback via the Customers Services team for issues that relate to Equality & Diversity to ensure that the College does not indirectly discriminate against one particular group/groups;
- Provide opportunities for students to take part in a wide range of activities;
- Ensure good equality and diversity practice in organisations where students take part in work based learning and employer engagement;
- Encourage and support all employers and suppliers to develop Equality & Diversity Policies;
- Ensure that assessment and examination methods are fair;
- Promote that the College is representative of the community it supports and make sure that all students, governors, volunteers and staff understand that our value of tolerance relating to the beliefs of others is central to everything the College does;
- Promote British Values within the College and specifically the aspects regarding mutual respect and tolerance of different faiths and beliefs.

Gender pay gap reporting – The College

	Year ending 31 March 2023
Mean gender pay gap	10.0%
Median gender pay gap	15.1%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	25%	75%
2 – Lower middle	39%	61%
3 – Upper middle	44%	56%
4 – Upper quartile	39%	61%

Warwickshire College Strategic Report (continued)

Gender pay gap reporting – Warwickshire College Ltd

	Year ending 31 March 2023
Mean gender pay gap	19.1%
Median gender pay gap	11.2%
Mean bonus gender pay gap	0%
Median gender bonus gap	0%
Proportion of males/females receiving a bonus	0%/0%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	21%	79%
2 – Lower middle	24%	76%
3 – Upper middle	32%	68%
4 – Upper quartile	52%	48%

The College publishes its annual gender pay gap report on its website.

Statement of Commitment to Students with Learning Difficulties and Disabilities

The College is committed to providing services and provision for students with learning difficulties and disabilities. The aim of the College is that everyone is given both reasonable and appropriate support and the opportunity to reach their full potential. In fulfilling this aim the College works proactively to ensure that no one is disadvantaged.

The College encourages applications from all people with learning difficulties and/or disabilities. Our aim is to make it easier for the student to study at the College and to achieve their learning goals.

We want the College and its courses to be as accessible as possible to our whole community. That is why the College is committed to providing sensitive and individual support for all their students.

Further detail can be found in Appendix B: Equality and Diversity Policy on the College website: <https://blob.wcg.ac.uk/pdf/equality-and-diversity-policyv5-1f800e766e67162bb56cf0b51b069684.pdf>

Climate Change and Sustainability

Actions and activities taken on by the group range from resource efficiencies to the development of courses geared to the skills needs of environmental industries.

The College Management Team works with students, staff and stakeholders to make sustainability core to Warwickshire College.

There are four key areas that we focus on as a group:

- Exposing students to 'sustainability' through the curriculum and embedding sustainability in the college culture
- Make sustainability key in management decisions
- Improve environmental performance and develop our resource efficiency
- Work with the wider communities to help our sustainable futures

Warwickshire College has successfully certified to The Planet Mark for the reporting period 01 August 2022 to 31 July 2023. This is the tenth year of certification and reflects efforts made by the group to reduce energy usage and carbon emissions. The Planet Mark is a sustainability certification that recognises continuous improvements, encourages action, and builds an empowered community of like-minded individuals

Strategic Report (continued)

			01 August 2021 to 31 July 2022			01 August 2022 to 31 July 2023		
Source	Scope	Unit	Amount	Amount (kWh)	Total Emissions (tCO ₂ e)	Amount	Amount (kWh)	Total Emissions (tCO ₂ e)
Building								
Electricity (location-based)	2	kWh	4,845,845.8	4,845,845.8	937.1	4,787,575.6	4,787,575.6	991.4
Electricity (market-based)	2	kWh	4,845,845.8	4,845,845.8	942.5	4,787,575.6	4,787,575.6	1,744.5
Natural Gas	1	kWh	7,378,937.1	7,378,937.1	1,347.0	6,578,596.9	6,578,596.9	1,203.4
Transmission and Distribution Losses	3	kWh	4,779,844.8	-	84.6	4,710,728.6	-	84.4
Biomass	1	tonnes	82.4	311,193.9	3.3	53.8	203,294.2	2.2
Burning Oil	1	litres	48,039.0	469,004.8	122.0	-	-	-
Gas Oil	1	litres	14,436.0	144,172.3	39.8	17,094.0	170,290.4	47.1
Fuel oil	1	litres	-	-	-	50,172.0	554,651.5	159.3
LPG	1	litres	99,787.0	674,560.1	155.4	95,957.0	650,588.5	149.4
Diesel Fuel	1	litres	-	-	0.0	2,564.6	25,351.0	6.4
Petrol Fuel	1	litres	-	-	0.0	296.7	2,659.5	0.6
Waste								
Landfill	3	tonnes	1,439.5	-	672.2	1,495.7	-	778.2
Recycled	3	tonnes	1,170.0	-	24.9	1,254.4	-	26.7
Water								
Water Supply	3	m ³	82,251.5	-	12.3	105,042.0	-	18.6
Water Treatment	3	m ³	82,251.5	-	22.4	105,042.0	-	21.1
Travel								
Vehicle - fleet - diesel	1	litres	40,444.1	403,632.4	103.4	38,457.4	380,151.7	96.6
Vehicle - fleet - petrol	1	litres	2,617.5	23,614.9	5.7	3,602.0	32,291.8	7.6
Procurement								
Vehicle - non-fleet - unknown	3	km	741,744.3	513,072.0	126.6	1,149,667.4	790,143.4	191.6
Total – Location-based			14,764,033.2 3,656.6			14,175,594.3 3,784.6		
Total – Market-based			14,764,033.2 3,662.0			14,175,594.3 4,537.8		

Warwickshire College

Intensity Metric	Total	Total tCO ₂ e	Intensity	Total	Total tCO ₂ e	Intensity
Total per £1m turnover – location - based	49	3,656.6	74.9	2	3,784.6	73.2
Total per £1m turnover – market-based	49	3,662.0	75.0	2	4,537.8	87.7
Total per employee – location-based	9,928	3,656.6	0.4	95	3,784.6	3.8
Total per employee – market-based	9,928	3,662.0	0.4	95	4,537.8	4.6

Comparison	Comparison tCO ₂ e	Increase %
Location-based	128.1	3.5
Market-based	875.8	23.9

* Where relevant the NET CV emission factors have been used to calculate the total kWh associated with fuel use. Net CV or lower heating value (LHV) is the useful calorific value in typical real-world conditions.

Quality Success Priority

To be an exceptional provider of education and training delivering excellence in all activities.

- We aim to deliver a high-quality teaching, training and learning to all our students and apprentices
- We aim to provide excellent services, resources and environments
- We aim to build sustained improvement through being a self-critical and reflective organisation
- We aim to build a strong profile and reputation locally, regionally and nationally

Operationally the College has a central quality function that works to a comprehensive quality framework and annual cycle of quality review meetings. This supports the improvement of student outcomes across all provision and raises student progression into higher education and employment.

The College has a good reputation locally and nationally for its teaching, learning and work-based learning provision. Maintaining a quality brand is essential for the College's success at attracting students and external partnerships. This is carefully managed and associated risks are monitored via the College's risk management procedures.

Inspection

The College was last inspected by the Office for Standards in Education (Ofsted) in May 2024, when the College's overall effectiveness was judged to be "Good," as were all individual elements of the assessment. The College was also deemed to make a reasonable contribution to meeting skills needs.

On 17th April 2021, the College received the Order that Warwickshire College was in receipt of a variation of the Power to Award Degrees from 1 September 2021. The College's existing Foundation Degree Awarding Powers authorisation is now valid for an indefinite period and the College may now authorise other institutions to grant awards on its behalf. The Order authorises Warwickshire College to grant awards up to and including Bachelor Degree Awards for a fixed term expiring 31 December 2024. We are currently awaiting the outcome of a review to also extend our Bachelor Degree Awarding Powers indefinitely, the outcome of which we expect to be favourable.

To achieve indefinite Foundation Degree Awards and time-bound Bachelor Degree Awards, the College underwent scrutiny by the designated quality body, Quality Assurance Agency during 2020. Warwickshire College is on the Office for Students register of higher education providers.

An Ofsted report was issued following a Social Care Inspection of the College's residential facilities in February 2020. The overall quality rating was considered to be "Good".

Warwickshire College Strategic Report (continued)

Economic Success Priority

To contribute to the local, regional and national economy through supplying and training the workforce.
We aim to:

- Work with employers to meet current and future skills needs
- Work with others to support economic growth
- Drive adult upskilling and reskilling
- Provide higher technical skills that meet the local, regional and national need

Employer Engagement

As noted in the College's Ofsted inspection of May 2024 we have excellent links with both local and national employers. 'Leaders are highly effective at enabling the College group to play a productive role in the local economy. Leaders respond quickly to employers' proposals and have been successful in developing beneficial partnerships with many of them. Across the group, the curriculum reflects the local economy and skills priorities. Learners gain the right skills and use industry-compatible resources, such as those required to secure work in the digital games industry in a local area known as the 'Silicon Spa'. Leaders have established strong partnerships with the automotive industry to develop effective apprenticeship programmes'. Throughout 2022/23 this has enabled us to continue to expand our engagement and partnerships and to maintain the number and range of apprenticeships offered. Through our Business Development Team we have also worked with many companies to meet their bespoke training needs.

This is a sample of the companies that we work with:

Alstom Transport
Audley Group
Babcock Defence Support Group
Chandlers Farm Machinery
Coventry City Council
Coventry University
Cummins Ltd
Jaguar Land Rover Limited
Medivet
National Trust
Rugby Borough Council
Sanctuary Group
Severn Trent
Siemens
Taylor Wimpey
Telent
University of Worcester
University of Warwick
Vets for Pets
Warwickshire County Council

Stakeholders

Effective partnership working is essential to the College's core values in meeting the needs of the diverse customer base that it serves. The College builds on a strong history of successful delivery with a range of partners, and maintains effective partnerships with employers, schools, other colleges, universities and providers.

Warwickshire College Strategic Report (continued)

In line with other colleges and with universities, Warwickshire College has many stakeholders. These include:

- students
- funding agencies
- staff
- local employers
- national employers
- local Authorities
- LEPS
- the local community
- other FE institutions and schools
- universities
- trade unions
- professional bodies
- local entrepreneurs

Economic well-being and educational excellence is at the centre of our activity, as is supplying skills to large and small businesses. We are committed to making our footprint area an economic success and to contributing to community advancement and economic regeneration. This ambition has been central to the development of the College's strategy for teaching and learning which places the development of work-readiness and employability skills at its heart.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for the payment to suppliers within 30 days is 95 per cent which is a target the College strives to meet. The College incurred no interest charges in respect of late payment for this period.

Principal risks and uncertainties

The College continues 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.

The Senior Leadership Team (SLT) undertakes a comprehensive review of the risks to which the College is exposed, identifying a risk owner for each of the risks identified. They identify systems and procedures, including specific preventable actions to mitigate any potential impact on the College and consider any new risks which may arise as a result of a new area of development for the College. The internal controls are then implemented. These risks have also been reviewed in the context of the new corporate plan.

A strategic risk register is maintained at the College level and the Audit Committee at each meeting reviews this. This strategic risk register is derived from and is supported by, a detailed risk register, contained in a single data base, which covers individually all curriculum, commercial and support areas. This more detailed register extends participation in the identification and assessment of risk to all functional areas.

The Audit Committee reviews these individual functional risks, with the designated risk owners, by rotation.

All risks are prioritised using a consistent scoring system and each 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.

Warwickshire College Strategic Report (continued)

The following key strategic risks have been agreed in no particular order:

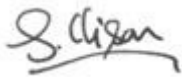
- Poor student achievement rates
- Profitable income growth not delivered
- Adverse impact of external change
- Failure to maintain financial stability
- Major regulatory compliance breach
- Failure to recruit or retain staff
- Major Health & Safety incident
- Major Safeguarding incident
- Business interruption due to loss of access or damage to a college site
- Business interruption due to loss or damage to WCG IT infrastructure
- A poor Ofsted outcome
- Failure to respect & promote equality, & diversity
- Disruptive impact of Artificial Intelligence

As part of the risk management process, appropriate mitigating steps have been identified and implemented against each of the above.

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 22 October 2024 signed on its behalf by:



**G Clipson
Chair of the Corporation**

Warwickshire College Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in accordance with the UK Charity Governance Code (“the Code”) insofar as it is applicable to the further education sector.

In the opinion of the Governors, the College complies with all the provisions of the Code, which it adopted in March 2022, and has complied throughout the year. This opinion is based on an internal compliance review reported to the board on 7 November 2023. The College is committed to exhibiting best practice in all aspects of corporate governance and has adopted the AoC Senior Post holders’ Remuneration Code. 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 has not adopted the UK Corporate Governance Code 2018, but the corporation has due regard to its principles and guidance.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements.

At the request of Governors, the FE Commissioner undertook a financial health check of the College in July 2024. Subsequently the Department for Education issued an Intervention Financial Health Notice to Improve on 28 Sept 2024. The Board is developing a Single Improvement Plan.

The Corporation

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

Key to abbreviations:

ASQA	Academic Standards and Quality Assurance Committee
AUDIT	Audit Committee
RES	Resources Committee
SG	Search and Governance Committee
REM	Remuneration Committee
STRAT	Strategy Day & Board briefings

Name	Date of Appointment and most recent re-appointment	Term of office	Date of resignation	Status of appointment	Committees served to May 2024	Attendance as a Member During 2022-23
O Adams	April 2023	4 years		Staff	Member of ASQA	N/A
C Bradshaw	January 2015 March 2024	2 1/3 years		External	Chair of Audit (to 31/07/2024) Chair of RES (from 1/9/2024) Member of SG Member of REM	Corporation 100% Audit 100% SG 78% REM 67% Strategy Day 100%
G Clipson	January 2017 January 2023	4 years		External	Chair of Corporation (from 13/12/2022) Vice Chair of Corporation (to 13/12/2022) Chair of SG	Corporation 100% ASQA 100% Audit 50% RES 50% SG 100% REM 100% Strategy Day 100%

Warwickshire College
Statement of Corporate Governance and Internal Control (continued)

Name	Date of Appointment and most recent re-appointment	Term of office	Date of resignation	Status of appointment	Committees served to December 2023	Attendance as a Member During 2022-23
G Clipson (continued)					from 13/12/2022) Chair of ASQA (to 31/3/2023) Chair of REM (to 13/12/2022) Member of Audit (to 13/12/2022) As Chair of Corporation Ex-Officio all committees except Audit	
P Cresswell	February 2023	2 years		External	Member of ASQA	Corporation 100% ASQA 100% Strategy Day 100%
A Daroy	January 2021	2 years	7/12/2022	External	Chair of Corporation (to 7/12/2023) Chair of SG (to 7/12/2023) As Chair of Corporation Ex-Officio all committees except Audit	Corporation 100% RES 50% SG 67% ASQA 100%
N Eastwood	August 2016 August 2022	4 years		External	Member of RES (to 31/3/2023) Member of Audit (from 1/4/2023)	Corporation 38% RES 75% Audit 100% Strategy Day 100%
P Gerrard	August 2021	4 years	31/7/2023	Staff	Member of ASQA	Corporation 88% ASQA 100% Strategy Day 100%
J Gulrajani	January 2021 January 2023	4 years		External	Member of ASQA	Corporation 88% ASQA 100% Strategy 50%
C Hooper	April 2018 April 2020	4 years	31/3/2024	External	Member of RES	Corporation 100% RES 75% Strategy Day 100%
P Husband	January 2024	N/A	31/8/2024	Interim CEO and Principal	Ex-Officio RES and ASQA Committees	N/A
W Hubbard	May 2023	2 years		External	Chair of Audit (from 1/8/2024) Member of Audit	Corporation 100% Audit 100% Strategy Day 100%
A Joyce	April 2015	N/A	31/12/2023	Group CEO	Ex-Officio RES and ASQA Committees	Corporation 100% RES 100% ASQA 100% Strategy Day 100%
L Jordan	September 2023	4 years		Staff	Member of RES	N/A
L Kirk	August 2023	4 years	31/3/2024	Staff	Member of ASQA	N/A

Warwickshire College
Statement of Corporate Governance and Internal Control (continued)

Name	Date of Appointment and most recent re-appointment	Term of office	Date of resignation	Status of appointment	Committees served to December 2023	Attendance as a Member During 2022-23
A Lazenby	January 2020 January 2022	2 years	31/3/2023	External	Member of Audit (to 31/3/2023)	Corporation 60% Audit 67%
P Maguire	February 2023	2 years		External	Member of RES (from 1/2/2023)	Corporation 100% RES 100% Strategy Day 100%
L Norville	May 2019 May 2021	4 years		External	Chair of ASQA (from 1/4/2023) Member of SG Member of REM	Corporation 63% ASQA 75% SG 100% REM 0% Strategy Day 100%
M Rhodes	February 2023	2 years		External	Member of RES (from 1/2/2023)	Corporation 33% RES 100% Strategy Day 100%
J Skinner	February 2023	2 years		External	Member of RES (from 1/2/2023)	Corporation 100% RES 50% Strategy Day 100%
K Skudra	November 2011 August 2019	4 years	31/7/2023	Staff	Member of ASQA Member of RES	Corporation 75% RES 100% Strategy Day 100%
P Wainwright	February 2023	2 years	15/3/2023	External	Member of Audit	Corporation 0% Audit 100%
SJ Watkins	September 2024	N/A		Group CEO and Principal	Ex-Officio RES and ASQA Committees	N/A
D Webb	November 2018 November 2020	4 years		External	Vice Chair of Corporation Chair of REM (from 13/12/2023) Member of Audit Member of SG	Corporation 75% Audit 75% SG 100% REM 100% Strategy Day 100%
S Williams	January 2017 January 2023	4 years	31/07/2024	External	Chair of RES Member of SG Member of REM	Corporation 67% RES 100% SG 78% REM 100% Strategy Day 100%

The Governance Framework

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

The corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The corporation meets six times a year including a briefing evening and strategy day. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings.

In addition to formal Board meetings and Strategy days, the Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit, Resources, Academic Standards and Quality Assurance, and Search and Governance and Remuneration. Corporation minutes, except those deemed to be confidential, are available on the College's website.

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

The Clerk to the Corporation maintains a register of financial and personal interests of the Members and Senior Leadership Team. The register is available for inspection from the Clerk to the Corporation:
cmnadue@wgc.ac.uk

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. 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 and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole.

Search and Governance Committee

The Corporation has a Search and Governance committee, consisting of five external members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years. The Corporation initially appoints governors for a period of two years, and members may be considered for reappointment for two further terms of four years each.

Corporation Performance

The Corporation conducts an annual performance review with individual governors self assessing their contribution via an online survey, and each Committee, and the Corporation as a whole completing a Self Assessment Report (SAR). Members also take part in an annual Chair's Performance Review. Observations raised during these reviews are reviewed and actioned by the Search and Governance Committee and the Board as a whole. The Corporation self-assessed its own performance for the year ended 31 July 2023 as "Good" on the Ofsted scale. This was confirmed by the Ofsted inspection in May 2024.

External Review

The governing body has considered the DfE guidance on board reviews and has commissioned an external review which will report in the Summer 2024. The Review found that WCG is a well governed further education College group, where governance leadership is provided by a committed and focused Board. The Board is ably led by a skilled Chair with great experience in the sector. The Board is well supported by an extremely knowledgeable Clerk who is directly accountable to the Board. The External Review focused in particular on Board dynamics and scope for governance improvements that would enhance the added value of the Board. The recommendations are detailed on the College website and will be incorporated into the Governance Development Plan for 2024-25.

CEO and Principal Appointment

Angela Joyce left the College on 31st December to take up the post of Chief Executive and Principal of Capital City College. Peter Husband was appointed Interim Chief Executive and Principal from 1st January 2024 - 30 August 2024. Following a successful recruitment process Sara-Jane Watkins was appointed as WCG's new CEO and Principal and commenced her role on 1 September 2024. Sara-Jane Watkins brings a wealth of experience and is currently serving as College Principal at South Gloucestershire and Stroud College.

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

Training and Development

The Corporation is committed to training and development for its members and the Clerk to the Corporation and conducts an annual audit to evaluate this, and seek input from individual members on their training needs. Board members attend a range of events including regional governance conferences, induction and networking events.

Specialist sessions attended included:

- Meeting local Needs
- ONS re-classification
- Curriculum change
- Social mobility
- Mental health and Staff Well being
- Safeguarding, EIF update
- Board Portal implementation;
- Ofsted briefing

Our student governors also attended the joint ETF/Unloc Student Governor conference on Effective Governance. Members also complete regular Equality and Diversity and Safeguarding and Prevent training organised by the College.

The Clerk to the Corporation is a qualified Company Secretary with over 16 years' experience as a governance professional in the role. The Clerk has also completed the ETF Governance Professionals' Expert Programme. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Remuneration Committee

Throughout the year ending 31 July 2023, the College's Remuneration committee comprised five external members of the Corporation. The committee's responsibilities in relation to Remuneration are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer, other senior post-holders and the Clerk to the Corporation.

The Committee has regard to performance target goals and objectives to ensure that the senior post-holders and the Clerk to the Corporation are fairly rewarded for their individual contributions to the College's overall performance and takes account of the regional and national contexts for the remuneration of comparable posts, and the financial health of the College. It demonstrates through membership, constitution and actions that the pay of the senior post-holders and the clerk is proposed by a Committee which has no personal interest in the outcome of its recommendations.

The Committee has adopted the AoC Senior Post holders' Remuneration Code. Details of remuneration for the year ended 31 July 2023 are set out in the financial statements.

Audit Committee

The Audit Committee is comprised of five members, excluding the Chair of the Corporation and the Accounting Officer. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

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

The Audit Committee met four times in the year to 31 July 2023. The members of the Committee and their attendance records are provided in the previous table.

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 Chief Executive Officer, 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 they are personally responsible, in accordance with the responsibilities assigned in the Funding Agreement between Warwickshire College and the funding bodies. The Chief Executive Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Warwickshire College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key strategic risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2023 and up to the date of approval of the 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, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The College has appointed an internal audit service, which operates in accordance with the requirements of the ESFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. The Internal Audit Service (IAS) provides the governing body with a report on internal audit activity in the College.

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

Risks faced by the Corporation

The College has a comprehensive Strategic Risk Register, which has been developed during the year, with input from the Audit Committee. The Strategic Risk Register is reviewed and updated by the Risk Management group. The Strategic Risk Register is reviewed at each Audit Committee, which reports to the Board with specific high risk areas monitored by individual committees. The Strategic Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Control weaknesses identified

During the year the College was subject to a funding audit with the final report issued in May 2024 indicating a significant clawback risk of £1,431k. Finalising the accounts was delayed pending these findings and the amount at risk has been provided in full, even whilst this remains a matter of dispute with the final outcome subject to ongoing discussions with the ESFA. This accounting treatment has a number of implications which are covered in more detail in the Future Prospects section.

No other control weaknesses identified.

Responsibilities under funding agreements

The Corporation receives reports on any significant changes identified in the annual funding agreements. Reports are scrutinised in the first instance by the Resources and Audit Committees.

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, which has been released and is effective from 1 August 2024. The College has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit Committee

The Audit Committee is of the view that the College has adequate and effective governance, risk management and control processes to manage the achievement of its overall objectives subject to the past weaknesses highlighted in the control processes in relation to learner records and which have impacted on the College's financial position.

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:

- General IT Controls
- Pro-solutions implementation review
- Risk management
- Key Financial Controls
- Follow up

All audit reports outline the level of assurance provided and the Audit Committee monitors progress on recommendations made. The Internal Auditor completes an annual follow up review to confirm that actions have been taken and new systems or processes are embedded. The Audit Committee heard directly from managers for each of these reports and was assured, in those areas where the auditors made recommendations that actions were being taken to mitigate against any risk.

Warwickshire College Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer'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 regularity auditors, the appointed funding auditors in their management letters and other reports.

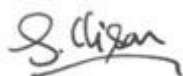
The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The senior 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 senior leadership team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit, 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 22 October 2024 and signed on its behalf by:



G Clipson
Chair of the Corporation



SJ Watkins
Accounting Officer

Warwickshire College Statement of Regularity, Propriety and Compliance

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, propriety 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.

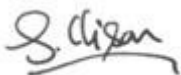


**SJ Watkins
Accounting Officer**

22 October 2024

Statement of the Chair of the Corporation

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.



**G Clipson
Chair of the Corporation**

22 October 2024

Warwickshire College Statement of 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 and any other relevant funding bodies, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

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

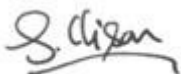
The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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

The corporation is responsible for the maintenance and integrity of its website(s); 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 22 October 2024 signed on its behalf by:



G Clipson
Chair of the Corporation

Warwickshire College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARWICKSHIRE COLLEGE GROUP

Opinion

We have audited the financial statements of Warwickshire College Group (the "College") and its subsidiary (the "Group") for the year ended 31 July 2023 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2022 to 2023 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 Group's and of the College's affairs as at 31 July 2023 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which provides details of a breach in the College's bank covenants and its need to secure additional funding from the Department of Education over at least the next twelve months, these factors along with the other matters as set out in note 1 indicate that a material uncertainty exists that may cast significant doubt on the College and Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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

Warwickshire College
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARWICKSHIRE COLLEGE
GROUP (CONTINUED)

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.

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 2022 to 2023 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 2 to the accounts, has been materially misstated.

Responsibilities of the Corporation of Warwickshire College Group

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 28, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students' and tax compliance regulations. 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 and those charged with governance whether the Group is in compliance with these law and regulations and inspected correspondence and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area 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, challenging judgments and estimates.

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.

Warwickshire College

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARWICKSHIRE COLLEGE GROUP (CONTINUED)

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 27 April 2022. 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 (Oct 25, 2024 16:17 GMT+1)

RSM UK AUDIT LLP
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Date: 25 October 2024

Warwickshire College
Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	College £'000	Group £'000	College £'000
INCOME					
Funding body grants	2	35,996	35,996	34,459	34,459
Tuition fees and education contracts	3	10,083	10,083	10,002	10,002
Other grants and contracts	4	497	497	517	517
Other income	5	4,560	4,560	3,839	3,839
Investment income	6	58	58	4	4
Total income		51,194	51,194	48,821	48,821
EXPENDITURE					
Staff costs	7	32,979	33,074	33,205	33,299
Fundamental restructuring costs	7	44	40	231	217
Other operating expenses	8	16,006	15,915	13,442	13,362
Depreciation	11	3,495	3,495	3,333	3,333
Interest and other finance costs	9	317	317	1,202	1,202
Total expenditure		52,841	52,841	51,413	51,413
Deficit before other gains and losses		(1,647)	(1,647)	(2,592)	(2,592)
Profit on disposal of assets		375	375	19	19
Deficit before tax		(1,272)	(1,272)	(2,573)	(2,573)
Taxation	10	-	-	-	-
Deficit for the year		(1,272)	(1,272)	(2,573)	(2,573)
Remeasurement of net defined benefit pension liability		6,789	6,789	50,677	50,677
Other Comprehensive Income for the year		6,789	6,789	50,677	50,677
Total Comprehensive Income for the year		5,517	5,517	48,104	48,104

All items of income and expenditure relate to continuing activities.

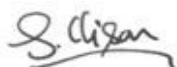
Warwickshire College
Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1st August 2021	(22,869)	29,213	6,344
Deficit from the income and expenditure account	(2,573)	-	(2,573)
Other comprehensive income	50,677	-	50,677
Transfers between revaluation and income and expenditure reserves	490	(490)	-
Total comprehensive income for the year	48,594	(490)	48,104
Balance at 31st July 2022	25,725	28,723	54,448
Deficit from the income and expenditure account	(1,272)	-	(1,272)
Other comprehensive income	6,789	-	6,789
Transfers between revaluation and income and expenditure reserves	486	(486)	-
Total comprehensive income for the year	6,003	(486)	5,517
Balance at 31st July 2023	31,728	28,237	59,965
College			
Balance at 1st August 2021	(22,869)	29,213	6,344
Deficit from the income and expenditure account	(2,573)	-	(2,573)
Other comprehensive income	50,677	-	50,677
Transfers between revaluation and income and expenditure reserves	490	(490)	-
Total comprehensive income for the year	48,594	(490)	48,104
Balance at 31st July 2022	25,725	28,723	54,448
Deficit from the income and expenditure account	(1,272)	-	(1,272)
Other comprehensive income	6,789	-	6,789
Transfers between revaluation and income and expenditure reserves	486	(486)	-
Total comprehensive income for the year	6,003	(486)	5,517
Balance at 31st July 2023	31,728	28,237	59,965

Warwickshire College
Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
Non current assets					
Tangible fixed assets	11	93,114	93,114	94,217	94,217
Investments	12	2	2	2	2
		93,116	93,116	94,219	94,219
Current assets					
Stocks		464	464	599	599
Trade and other receivables	13	1,934	1,934	2,094	2,094
Investments	14	1	1	1	1
Cash and cash equivalents	19	6,529	6,529	6,124	6,124
		8,928	8,928	8,818	8,818
Less: Creditors – amounts falling due within one year	15	(14,567)	(14,567)	(9,290)	(9,290)
Net current liabilities		(5,639)	(5,639)	(472)	(472)
Total assets less current liabilities		87,477	87,477	93,747	93,747
Less: Creditors – amounts falling due after more than one year	16	(26,712)	(26,712)	(31,467)	(31,467)
Provisions					
Defined benefit obligations	18	-	-	(6,961)	(6,961)
Other provisions	18	(800)	(800)	(871)	(871)
Total net assets		59,965	59,965	54,448	54,448
Unrestricted reserves					
Income and expenditure account		31,728	31,728	25,725	25,725
Revaluation reserve		28,237	28,237	28,723	28,723
Total unrestricted reserves		59,965	59,965	54,448	54,448

The financial statements on pages 33 to 59 were approved and authorised for issue by the Corporation on 22 October 2024 and were signed on its behalf on that date by:



G Clipson
Chair



SJ Watkins
Accounting Officer

Warwickshire College
Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Deficit for the year		(1,272)	(2,573)
Adjustment for non cash items			
Depreciation		3,495	3,333
Increase in stocks		135	(132)
Decrease/(increase) in debtors		160	(680)
Increase in creditors due within one year		1,280	2,215
Decrease in creditors due after one year		(55)	(447)
Decrease in provisions		(71)	(245)
Pensions costs less contributions payable		(172)	2,227
Adjustment for investing or financing activities			
Investment income due		(58)	(4)
Interest payable		244	290
Profit on sale of fixed assets		(375)	(19)
		<u>3,311</u>	<u>3,965</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		397	19
Investment income received		58	1
Payments made to acquire fixed assets		(2,414)	(1,582)
		<u>(1,959)</u>	<u>(1,562)</u>
Cash flows from financing activities			
Interest paid		(247)	(298)
Repayments of amounts borrowed		(700)	(1,400)
		<u>(947)</u>	<u>(1,698)</u>
Increase in cash and cash equivalents in the year		<u>405</u>	<u>705</u>
Cash and cash equivalents at beginning of the year	19	6,124	5,419
Cash and cash equivalents at end of the year	19	6,529	6,124

Warwickshire College

Notes to the Financial Statements for the year ended 31 July 2023

1. Accounting policies

General information

Warwickshire College Group is a corporation established under the Further and Higher Education Act 1992 as an English general College of further education. The address of the Group's principal place of business is given on page 2. The nature of the Group's operations are set out in the Strategic Report.

Basis of accounting

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

Basis of preparation

These financial statements have been prepared in accordance with *the Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the College Accounts Direction for 2022/23, Regulatory Advice: 9 Accounts Direction published 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), under the historical cost convention modified by the revaluation of certain fixed assets. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

The consolidated financial statements are presented in sterling which is also the function currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise stated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary Warwickshire College Limited, controlled by the College. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings, acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the students union have not been consolidated because the College does not control these activities.

Going concern

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

At the date of approving these financial statements, the governors have considered the cashflow position of the College and Group and have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, subject to the conditions noted below which may cast significant doubt over the College and Group's ability to continue as a going concern if the required approvals and borrowings are not received as expected.

As part of the College and Group's going concern assessment detailed cashflow projections have been prepared, including scenarios which model a range of potential outcomes, these projections show that the group will require additional funding during the next twelve months and potentially beyond, subject to the timing of future capital receipts and the impact of any additional claw back as noted elsewhere in this report. This additional funding is subject to the approval of the Department of Education, and based on the discussions held to date with ESFA funds are expected to be available in the form of loans with terms

Warwickshire College
Notes to the Financial Statements for the year ended 31 July 2023 (continued)

1. Accounting policies (continued)

Going concern (continued)

and conditions which support the liquidity and solvency of the group. At the date of approval of these accounts these funds are subject to the necessary approvals and have not yet therefore been obtained, although the Department is working closely with the College Governors to conclude the application process.

As noted in the governor's report, the College is in breach of its current banking terms and is yet to agree new terms with Lloyds PLC, the governors are confident that they will secure this support including the resetting of covenants in line with the current operational forecasts. This confidence is based on the strength of the relationship, the track record in reducing debt and therefore the bank exposure, the strength of the security package which reflects the significantly higher historic debt position and the support implication of FE Colleges being reclassified as part of Central Government.

The Corporation continues to consider that the College has adequate resources to continue in operational existence for the foreseeable future, being a period not less than 12 months from the date of approval of these financial statements. For this reason, and whilst acknowledging there are material uncertainties which may cast doubt over the Colleges ability to continue as a going concern, it continues to adopt the going concern basis in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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.

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.

Investment income

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

Agency Arrangements

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

Warwickshire College

Notes to the Financial Statements for the year ended 31 July 2023 (continued)

1. Accounting policies (continued)

Accounting for post-employment benefits

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

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

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Actuarial gains and losses are recognised annually based on input from the scheme actuaries.

Warwickshire College Ltd offers a defined contribution scheme.

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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

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

Warwickshire College
Notes to the Financial Statements for the year ended 31 July 2023 (continued)

1. Accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of up to 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs and additional running costs which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets. Costs relating to the preparative stages of capital projects are written off at the time of expenditure.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

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

Assets under construction.

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

Subsequent expenditure on existing assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment or groups of items less than £1,000 but which are considered to be interdependent, are capitalised at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Capitalised equipment is depreciated on a straight line basis over 5 years.

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

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.

Warwickshire College
Notes to the Financial Statements for the year ended 31 July 2023 (continued)

2. Accounting policies (continued)

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Investments

Investments in subsidiaries

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

Other investments

Investments held as current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value, with movements recognised in Comprehensive Income.

Stocks

Horticulture stocks are calculated at retail prices and reduced by appropriate margins to the lower of cost and net realisable value. Shop stock is stated at the lower of cost or net realisable value on a first in, first out basis. The valuation of farm and horse stock is carried out by professional valuers. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash and cash equivalents

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

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

Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial liabilities and equity

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

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

Foreign currency translation

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

Warwickshire College
Notes to the Financial Statements for the year ended 31 July 2023 (continued)

1. 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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

Critical accounting judgements and estimation uncertainty

Judgements in applying accounting policies

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. 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.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to include in the asset ceiling for 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.

2. Accounting policies (continued)

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.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 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.

Warwickshire College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult education budget	1,977	1,977	2,332	2,332
Education and Skills Funding Agency - 16-18	22,927	22,927	21,175	21,175
Education and Skills Funding Agency - apprenticeships	5,580	5,580	5,969	5,969
Office for Students	919	919	980	980
Specific Grants				
Releases of government capital grants	828	828	638	638
Devolved Adult Education Budget	303	303	202	202
ESFA - Teachers Pension Scheme contribution grant	835	835	748	748
ESFA - Further Education Capital Allocation	-	-	504	504
Funding body non recurrent grants	2,627	2,627	1,911	1,911
Total	35,996	35,996	34,459	34,459

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Further Education students	1,230	1,230	1,996	1,996
International students	796	796	116	116
Higher Education students	3,561	3,561	3,504	3,504
Employer dedicated provision	914	914	1,231	1,231
Total tuition fees	6,501	6,501	6,847	6,847
Education contracts	3,582	3,582	3,155	3,155
Total	10,083	10,083	10,002	10,002

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	367	367	259	259
Other grants and contracts	130	130	246	246
Coronavirus Job Retention Scheme Grant	-	-	12	12
Total	497	497	517	517

5 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,675	1,675	1,545	1,545
Other income generating activities	1,825	1,825	1,619	1,619
Non government capital grants	235	235	354	354
Miscellaneous income	825	825	321	321
Total	4,560	4,560	3,839	3,839

Warwickshire College
Notes to the Accounts (continued)

6 Investment income

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Other investment income	1	1	1	1
Other interest receivable	57	57	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>58</u>	<u>58</u>	<u>4</u>	<u>4</u>

7 Staff costs - Group and College

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

	2023 No.	2022 No.
Teaching staff	807	781
Non teaching staff	415	412
	<u> </u>	<u> </u>
	<u>1,222</u>	<u>1,193</u>

Staff costs for the above persons

	2023 Group £'000	2023 College £'000	2022 Group £'000	2022 College £'000
Wages and salaries	25,447	16,511	24,507	17,064
Social security costs	2,293	1,677	2,102	1,590
Other pension costs	3,833	3,554	5,346	5,119
Payroll sub total	<u>31,573</u>	<u>21,742</u>	<u>31,955</u>	<u>23,773</u>
Contracted out staffing services	1,406	11,332	1,250	9,526
	<u>32,979</u>	<u>33,074</u>	<u>33,205</u>	<u>33,299</u>
Fundamental restructuring costs - Contractual	44	40	231	217
Total staff costs	<u>33,023</u>	<u>33,114</u>	<u>33,436</u>	<u>33,516</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Chief Executive, the Chief Operating Officer & Principal, the Chief Finance Officer and the Group Deputy Principal. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u> </u>	<u> </u>
	<u>4</u>	<u>4</u>

Warwickshire College
Notes to the Accounts (continued)

7 Staff costs - Group and College (continued)

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

The number of key management personnel and other staff who received annual emoluments, excluding pension

	Key management		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£ 60,001 to £ 65,000	-	-	4	4
£ 65,001 to £ 70,000	-	-	2	3
£ 85,001 to £ 90,000	1	1	-	-
£115,001 to £ 120,000	1	1	-	-
£130,001 to £ 135,000	-	1	-	-
£135,001 to £ 140,000	1	-	-	-
£185,001 to £ 190,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>6</u>	<u>7</u>

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual pay, 2 members of "Other staff" was paid in the £65,001 to £70,000 banding in 2023 (2022:2).

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	528	520
Employers National Insurance	69	69
Benefits in kind	3	3
Pension contributions	<u>92</u>	<u>91</u>
	<u>692</u>	<u>683</u>

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

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

	2023 £'000	2022 £'000
Basic salary	189	186
Benefits in kind	1	1
Pension contributions	<u>44</u>	<u>44</u>
	<u>234</u>	<u>231</u>

The governing body has adopted AoC's Senior Staff Remuneration code and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Chief Executive reports to the Chair of the Governing Body, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Warwickshire College
Notes to the Accounts (continued)

7 Staff costs - Group and College (continued)

Relationship of Chief Executive pay and remuneration expressed as a multiple

	2023	2022
CEO's basic salary as a multiple of the median of all staff	6.2 x	6.4 x
CEO's total remuneration as a multiple of the median of all staff	6.7 x	6.5 x

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Value of expenses was £1,153 (2021/22 £1,296)

The Group paid 17 severance payments in the year, disclosed in the following bands:

	2023
	No.
£0 to £25,000	17

8 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,617	4,617	4,344	4,344
Non teaching costs	4,413	4,322	3,545	3,465
Premises costs	6,976	6,976	5,553	5,553
Total	<u>16,006</u>	<u>15,915</u>	<u>13,442</u>	<u>13,362</u>

Other operating expenses include:

	2023	2022
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	102	73
Internal audit**	40	32
Other services provided by the financial statements auditors***	3	3
Other services provided by the internal auditors	20	-
Gain on disposal of non current assets	(375)	(19)
Depreciation	3,495	3,333
Operating lease rentals	846	761
	<u> </u>	<u> </u>

* includes £97,000 in respect of the College (2021/22 £69,000). The increase reflects additional audit fees incurred due to the funding audit

** includes £40,000 in respect of the College (2021/22 £32,000)

*** other services include audit of Teachers' Pension annual return and Warwickshire College Limited corporation tax compliance

Warwickshire College
Notes to the Accounts (continued)

9 Interest payable - Group and College

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	244	290
	<u>244</u>	<u>290</u>
Enhanced pension charge	29	18
Net interest on defined pension liability (note 23)	44	894
	<u>44</u>	<u>894</u>
Total	<u>317</u>	<u>1,202</u>

10 Taxation - Group only

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

11 Tangible fixed assets - Group and College

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2022	129,385	11,271	111	140,767
Additions	-	2,414	-	2,414
Transfers	-	111	(111)	-
Disposals	(52)	(485)	-	(537)
	<u>129,333</u>	<u>13,311</u>	<u>-</u>	<u>142,644</u>
At 31 July 2023	129,333	13,311	-	142,644
Depreciation				
At 1 August 2022	38,095	8,455	-	46,550
Charge for the year	2,296	1,199	-	3,495
Elimination in respect of disposals	(31)	(484)	-	(515)
	<u>40,360</u>	<u>9,170</u>	<u>-</u>	<u>49,530</u>
At 31 July 2023	40,360	9,170	-	49,530
Net book value at 31 July 2023	<u>88,973</u>	<u>4,141</u>	<u>-</u>	<u>93,114</u>
Net book value at 31 July 2022	<u>91,290</u>	<u>2,816</u>	<u>111</u>	<u>94,217</u>

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors.

Warwickshire College
Notes to the Accounts (continued)

12 Non current Investments - Group and College

	2023 £'000	2022 £'000
Other investments	2	2
	<u>2</u>	<u>2</u>
Total	<u>2</u>	<u>2</u>

The College owns 100% of the issued £1 ordinary shares of Warwickshire College Ltd, and Warwickshire College Enterprises Ltd. Both companies are incorporated in England and have called up share capital of £100. Warwickshire College Enterprises Ltd was dormant during the year and Warwickshire College Ltd commenced trading on 1 August 2017 as an employment company and the College has prepared consolidated financial statements.

On 30 May 2018 the College incorporated a new entity Moreton Hall FEC which was intended to be used as a funding vehicle for the Moreton Hall restoration project. Moreton Hall FEC did not trade during 2022/23. Digital West Midlands Ltd was incorporated on 28 Feb 2018 as a Joint Venture with City College Coventry & North Warwickshire and South Leicestershire College to promote digital apprenticeships which was wound up 31 July 2020 and is now a wholly owned subsidiary. The College's exposure is limited to £1 for Moreton Hall FEC and £3 for Digital West Midlands Ltd.

The College owns 4 ordinary £500 shares of the 975 issued by Rugby Farmers Mart Limited. Rugby Farmers Mart Limited was founded in 2006 by a group of 250 local farmers. The principal activity of the company is selling livestock.

The College owns a 50% shareholding in Pershore Indoor Tennis Centre Limited a company registered in England and Wales whose principal activity is the provision of leisure facilities. The College owns 10 ordinary shares of a nominal value of £1 each. The results for Pershore Indoor Tennis Centre Limited have not been consolidated as the College does not exercise significant influence and the value of the College's share is not material.

13 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	424	424	407	407
Prepayments and accrued income	1,081	1,081	1,181	1,181
Amounts owed by the ESFA	429	429	506	506
Total	<u>1,934</u>	<u>1,934</u>	<u>2,094</u>	<u>2,094</u>

Warwickshire College
Notes to the Accounts (continued)

14 Current investments

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Current Asset Investments	1	1	1	1
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

15 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	4,700	4,700	700	700
Trade payables	525	525	497	497
Amounts owed to group undertakings:				
Subsidiary undertakings	-	46	-	35
Other taxation and social security	46	46	36	36
Accruals and deferred income *	2,899	2,853	3,990	3,955
Amounts owed to the ESFA **	6,397	6,397	4,067	4,067
Total	<u>14,567</u>	<u>14,567</u>	<u>9,290</u>	<u>9,290</u>

* includes £50,000 OfS grant funding received in advance (2021/22 £291,000)

** includes £2,810,000 grant funding received in advance (2021/22 £1,424,000)

16 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	-	-	4,700	4,700
Deferred income - government capital grants	26,712	26,712	26,767	26,767
Total	<u>26,712</u>	<u>26,712</u>	<u>31,467</u>	<u>31,467</u>

Warwickshire College
Notes to the Accounts (continued)

17 Maturity of debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group	College	Group	College
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
In one year or less	4,700	4,700	700	700
Between one and two years	-	-	700	700
Between two and five years	-	-	3,000	3,000
In five years or more	-	-	1,000	1,000
Total	<u>4,700</u>	<u>4,700</u>	<u>5,400</u>	<u>5,400</u>

The College has agreed banking facilities as follows:

The College has a £9,000,000 Term Loan with Lloyds Bank plc which has a maturity date of September 2027, with annual capital payments of increasing amounts starting in September 2014. At 31 July 2023, £4,700,000 was available and drawn. This loan is secured against the Trident Campus, the Evesham Campus, the Pershore Campus, the Moreton Morrell Triangle of land and the Leamington Spa Campus. All debt is currently treated as current, pending a new agreement of terms with Lloyds Bank.

Following the breach of bank covenants at 31 July 2023 the full bank loan liability as been classified as short term in line with the conditions of lending. The college expects the position to be renegotiated in the current financial year with the debt returning to its original profile of repayment.

18 Provisions - Group and College

	Defined benefit	Enhanced	Total
	Obligations	pensions	
	£'000	£'000	£'000
At 1 August 2022	6,961	871	7,832
Utilised in year	(1,558)	(77)	(1,635)
Additional provisions in year	(5,447)	(23)	(5,470)
Unwind of discount	44	29	73
At 31 July 2023	<u>-</u>	<u>800</u>	<u>800</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 23.

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

The principal assumptions for this calculation are:

	2023	2022
Price inflation	3.15%	3.15%
Discount rate	5.05%	3.50%

Warwickshire College
Notes to the Accounts (continued)

19 Analysis of changes in net debt - Group and College

	At 1 August 2022	Cash flows	Other changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6	-	-	6
Bank	518	(52)	-	466
Lloyds call account	1,100	1,418	-	2,518
Lloyds 32 day notice account	4,500	(961)	-	3,539
Total cash at bank and in hand	6,124	405	-	6,529
Bank loans due within one year	700	-	4,000	4,700
Bank loans due after one year	4,700	(700)	(4,000)	-
Total bank loans	5,400	(700)	-	4,700
Total	724	1,105	-	1,829

20 Commitments under operating leases

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

	Group and College	
	2023	2022
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	678	674
Later than one year and not later than five years	3,391	3,391
Later than five years	8,427	9,111
	<u>12,496</u>	<u>13,176</u>
Other		
Not later than one year	163	102
Later than one year and not later than five years	253	256
	<u>416</u>	<u>358</u>
Total lease payments due	<u>12,912</u>	<u>13,534</u>

21 Contingent liabilities

Following a review of the college's 2022/23 learner data, and subsequent claw back of funding, the Education and Skills Funding Agency (ESFA) is undertaking a review of prior year funding claims which could result in a further clawback of funds occurring. At this time the college is unable to determine the possibility or quantum of any liability that may result from this funding assurance review, and in view of the uncertainty, no financial provision has been made in these accounts in relation to this matter.

22 Capital and other commitments

	Group and College	
	2023	2022
	£'000	£'000
Commitments contracted for at 31 July	<u>662</u>	<u>733</u>

Warwickshire College

Notes to the Accounts (continued)

23 Defined benefit obligations

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

In addition to this the College's subsidiary company Warwickshire College Ltd operates the National Employment Savings Trust (NEST), a workplace pension scheme set up by the government.

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

Total pension cost for the year	2023 £'000	2022 £'000
Teachers Pension Scheme: contributions paid	2,044	2,018
Local Government Pension Scheme:		
Contributions paid	1,749	1,963
FRS 102 (28) charge	<u>(216)</u>	<u>1,333</u>
Charge to the Statement of Comprehensive Income	1,533	3,296
Enhanced pension charge to Statement of Comprehensive Income	(23)	(195)
Total Pension Cost for College	<u>3,554</u>	<u>5,119</u>
NEST pension cost for subsidiary	279	227
Total Pension Cost for Group	<u><u>3,833</u></u>	<u><u>5,346</u></u>

Contributions amounting to £nil (2022: £nil) were payable to the Teachers Pension scheme and Local Government schemes and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

Warwickshire College

Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Teachers' Pension Scheme (continued)

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

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Government Actuary's Department in October 23. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion.

As a result of the valuation, new employer contribution rates will be set at 28.68% of pensionable pay from April 2024 onwards (compared to 23.68% during 2022/23). The DfE has agreed to pay a teacher pension contribution grant to cover the additional costs during the 2022/23 academic year.

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

The pension costs paid to TPS in the year amounted to £2,044,000 (2022: £2,018,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Warwickshire County Council and Worcestershire County Council. The total contribution made for the year ended 31 July 2023 was £1,779,000, of which employer's contributions totalled £1,380,000 and employees' contributions totalled £399,000. The agreed contribution rates from Apr 23 for future years are for Warwickshire County Council 24.4% for employers and for Worcestershire County Council 19.8% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.00%	3.50%
Future pensions increases	3.00%	2.70%
Discount rate for scheme liabilities	5.05%	3.50%
Inflation assumption (CPI)	3.00%	2.75%
Commutation of pensions to lump sums	65%	50%

Warwickshire College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

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

	At 31 July 2023	At 31 July 2022
	years	years
<i>Retiring today</i>		
Males	20.8	21.6
Females	24.3	24.1
<i>Retiring in 20 years</i>		
Males	21.9	22.7
Females	25.7	25.9

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

	Fair value at 31 July 2023 £'000	Fair value at 31 July 2022 £'000
Equity instruments	59,848	60,508
Debt instruments	27,743	33,219
Property	16,137	10,559
Cash/Other	2,445	3,374
Total fair value of plan assets	<u>106,173</u>	<u>107,660</u>
Actual return on plan assets	<u>(479)</u>	<u>1,878</u>

The Pension Funds use valuation techniques to determine the carrying amount of pooled property funds and directly held freehold property of which the College has a share.

Warwickshire College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	2023	2022
	£'000	£'000
Fair value of plan assets	106,173	107,660
Present value of plan liabilities	(98,958)	(114,621)
Restriction on Movement of Pension Scheme	(7,215)	-
Net pensions liability (Note 18)	<u><u>-</u></u>	<u><u>(6,961)</u></u>

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,336	3,279
Past service cost	6	81
Total	<u><u>1,342</u></u>	<u><u>3,360</u></u>

Amounts included in interest payable

Net interest on the net defined benefit pension liability	(44)	(894)
	<u><u>(44)</u></u>	<u><u>(894)</u></u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(4,228)	184
Experience losses arising on defined benefit obligations	(353)	-
Changes in assumptions underlying the present value of plan liabilities	18,585	50,493
Restriction on Movement of Pension Scheme	(7,215)	-
Amount recognised in Other Comprehensive Income	<u><u>6,789</u></u>	<u><u>50,677</u></u>

Warwickshire College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit (liability)/asset during the year

	2023	2022
	£'000	£'000
Deficit in scheme at 1 August	(6,961)	(55,411)
Movement in year:		
Current service cost	(1,336)	(3,279)
Employer contributions	1,558	2,029
Past service cost	(6)	(83)
Net interest on the defined liability	(44)	(894)
Actuarial gain	14,004	50,677
Restriction on Movement of Pension Scheme Asset	(7,215)	-
Net defined benefit liability at 31 July	<u>-</u>	<u>(6,961)</u>

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	114,621	161,592
Current Service cost	1,336	3,279
Interest cost	3,793	2,588
Contributions by Scheme participants	392	438
Experience gains and losses on defined benefit obligations	353	-
Changes in demographic assumptions	(1,851)	(612)
Changes in financial assumptions	(25,616)	(51,248)
Changes in other assumptions	8,882	1,367
Estimated benefits paid	(2,958)	(2,864)
Past Service cost	6	-
Curtailments and settlements	-	81
Defined benefit obligations at end of period	<u>98,958</u>	<u>114,621</u>

Reconciliation of Assets

Fair value of plan assets at start of period	107,660	106,181
Interest on plan assets	3,749	1,694
Return on plan assets	(4,228)	184
Employer contributions	1,558	2,027
Contributions by Scheme participants	392	438
Estimated benefits paid	(2,958)	(2,864)
Fair value of plan assets at end of period	<u>106,173</u>	<u>107,660</u>

Warwickshire College
Notes to the Accounts (continued)

24 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,153; 6 governors (2022: £1,296; 7 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

Governor Name	Related Party Organisation	Purchases or Sales	Value	Value	Balance at	Balance at
			2022/23	2021/22	Year end	Year end
			£	£	£	£
G Clipson	Director and Chair of the Board of BIIAB Qualifications Ltd	Purchases	4,020	0	0	0
G Clipson	Chair and a Trustee of Skills for Education Group Awards	Purchases	840	610	0	0
J Gulrajani	Employee of the Quality Assurance Agency for Higher Education	Purchases	4,221	8,719	0	4,020
A Joyce	Director of Quality Assurance Agency for Higher Education	Purchases	4,221	8,719	0	4,020
A Joyce	Director of Landex	Purchases	9,670	8,550	0	0
A Joyce	Director of Shakespeare's England	Purchases	3,780	0	0	0

Where a governor has resigned part way through the year, only transactions up to that date are included

The College holds a 50% shareholding in Pershore Indoor Tennis Centre Limited (Note 12).

Loan repayment from Pershore Indoor Tennis Centre Limited to the College in the year amounted to £8,138 (2022 - £8,138)
 Sales transactions in the year amounted to £1,110 (2022 – £2,241). Balances outstanding at the year end amounted to £nil (2022 – £nil)

The College holds a 100% shareholding in Warwickshire College Ltd (Note 12).

Sales transactions in the year amounted to £10,422,745 (2022 – £8,689,595). Balances outstanding at the year end amounted to £nil (2022 – £nil)

Purchase transactions in the year amounted to £10,422,745 (2022 – £8,689,595). Balances outstanding at the year end amounted to £45,217 (2022 – £34,842)

Warwickshire College
Notes to the Accounts (continued)

25 Amounts disbursed as agent

Learner support funds

	2023	2022
	£'000	£'000
Funding body grants – hardship	59	49
Funding body grants – residential bursaries	128	129
Funding body grants – 24+ Bursary	69	87
	<u>256</u>	<u>265</u>
Disbursed to students	(198)	(207)
Administration costs	(6)	(8)
Balance unspent as at 31 July, included in creditors	<u>52</u>	<u>50</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

Employer incentive grant - funding body grant

	2023	2022
	£'000	£'000
Amount carried forward from previous year	371	246
Amount received in the year	172	204
	<u>543</u>	<u>450</u>
Disbursed to companies	(93)	(79)
Balance unspent as at 31 July, included in creditors	<u>450</u>	<u>371</u>

Employer Incentive Grant is received from the ESFA and paid out to companies to encourage them to take on apprentices. The College only acts as a paying agent and therefore the grants and related disbursements are excluded from the Statement of Comprehensive Income.

26 Access and Participation spending

	2023	2022
	£'000	£'000
Access investment	182	182
Financial Support to students	195	183
Disability support	61	59
Research and evaluation	64	52
Total Access and Participation	<u>502</u>	<u>476</u>

The Colleges access and participation plan is available on the College's website at: <https://wcg.ac.uk/page/192/access-and-participation-plans-and-fee-information>

27 Events after the reporting period

Angela Joyce left the College on 31st December 23 to take up the post of Chief Executive and Principal of Capital City College, Peter Husband was appointed Interim Chief Executive and Principal from 1 January 2024. Following a successful recruitment process Sara-Jane Watkins has been appointed as WCG's new CEO and Principal and will commence her role 1 September 2024. Sara-Jane Watkins brings a wealth of experience and is currently serving as College Principal at South Gloucestershire and Stroud College.

At the request of Governors, the FE Commissioner undertook a financial health check of the College in July 2024. Subsequently the Department for Education issued an Intervention Financial Health Notice to Improve on 28 Sept 2024. The Board is developing a Single Improvement Plan.

Teachers' Pension Scheme employer contributions increased from 23.68% to 28.68% from 1 April 2024. This has currently been funded by the ESFA.

Warwickshire College

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WARWICKSHIRE COLLEGE GROUP AND THE 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 27 April 2022 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 Warwickshire College Group 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 Warwickshire College Group for regularity

The Corporation of Warwickshire College Group 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 Warwickshire College Group 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.

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.

Warwickshire College

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WARWICKSHIRE COLLEGE GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Use of our report

This report is made solely to the Corporation of Warwickshire College Group 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 Warwickshire College Group 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 Warwickshire College Group and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.


RSM UK Audit LLP (Oct 25, 2024 16:17 GMT+1)

RSM UK AUDIT LLP
Chartered Accountants
103 Colmore Row
Birmingham
West Midlands
B3 3AG

Date: 25 October 2024



WCG | WARWICK NEW ROAD | LEAMINGTON SPA | CV32 5JE


**ROYAL LEAMINGTON SPA
COLLEGE**
Warwick New Road
Royal Leamington Spa
CV32 5JE


**RUGBY
COLLEGE**
Technology Drive
Rugby
CV21 1AR


**WARWICK TRIDENT
COLLEGE**
Poseidon Way
Warwick
CV34 6SW


**MORETON MORRELL
COLLEGE**
Moreton Morrell
Warwick
CV35 9BP


**EVESHAM
NEW COLLEGE**
Cheltenham Road
Evesham
WR11 1LP


**PERSHORE
COLLEGE**
Avonbank
Persore
WR10 3JP