



ANNUAL REPORT

2021 – 2022

FINANCIAL STATEMENTS FOR YEAR ENDING 31 JULY 2022



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 JULY 2022**

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Warwickshire College

Reference and Administrative Details

Senior Leadership Team

The Senior Leadership Team comprised the following in 2021/22

Angela Joyce	Chief Executive Officer (CEO); Accounting Officer
Peter Husband	Chief Operating Officer (COO) & Group Principal
Roger Bevan	Chief Finance Officer (CFO)
Helen Kinghorn	Group Deputy Principal

Board of Governors

A full list of Governors is given on pages 17 to 20 of these financial statements.

Ms C 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 for the 2022/23 audit

BDO LLP, 2 Snow Hill, Queensway, Birmingham B4 6GA for the 2021/22 audit

Bankers

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

Solicitors

Eversheds Sutherland LLP, Kett House, Station Road, Cambridge CB1 2JY
Jobsons Solicitors Limited, 4 North Courtyard, Dunston Business Village, Staffordshire ST18 9AB
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 2022.

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 1st 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 1st September 2021, the College has been awarded time-limited Bachelor Degree Awarding Powers (BDAP) by the Office for Students and its Foundation Degree Awarding Powers (FDAP) are 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".

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 17 to 20.

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.

Warwickshire College Strategic Report (continued)

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 Enterprise Partnerships (LEP's)

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 now 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.

Key Performance indicators

Key performance Indicator	Budget for 2021/22	Actual for 2021/22	Budget for 2022/23
EBITDA as % of income – education specific	2.4%	5.4%	2.2%
EBITDA as % of income – excluding restructuring costs	3.8%	5.9%	3.1%
Staff costs (incl contract services /excl pensions adjustment/excl restructuring) as % of income	66.2%	66.0%	65.4%
Adjusted current ratio	0.64	1.02	0.70
Borrowing as % of income	11.5%	11.3%	9.4%
Reliance on ESFA income	68.9%	68.2%	70.7%
Financial Health Score	120	180	130
Financial Health Grade	Requires Improvement	Good	Requires Improvement

Warwickshire College Strategic Report (continued)

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 £48,821k saw an increase of £1,026k or 2.1% after two years adversely impacted by Covid and a reduced apprenticeship programme with JLR. Some income streams, notably the Prince's Trust programme have been slower to recover post Covid than anticipated and the HE market place continues to be competitive. Our "high need" provision continues to grow and we were also pleased to lead on the strategic development fund project for Warwickshire, developing new provision in construction, electrification and battery technology, with the projects spread over both 2021/22 and 2022/23. Income also includes an £748k ESFA contribution to offset the significant impact of the increase in Teachers' Pension contributions, which were effective 1st September 2019.

Staff costs at £33,205k in headline terms were down by £521k or 1.5% on the prior year. This reflects the impact of restructuring implemented in 2019/20, focused on further improving the viability of our delivery models. After a wage freeze in 2020/21 a modest 1% unconsolidated pay award was made in January 2022.

Fundamental restructuring costs were £231k (£556k 2020/21). No collective consultation took place in 2021/22 with the restructuring spend relating to the spill over of Malvern Hills closure costs which had been announced in November 2020 but delayed whilst discussions were on going with a prospective purchaser and costs associated with the closure of the Rugby crèche due to operational reasons.

Other operating expenses at £13,442k were up by £899k or 7.2% on the prior year. This increase principally relates to grant funded projects from the strategic development fund and additionally in support of T level provision.

Depreciation, interest and other finance costs are broadly in line with the prior year.

In consequence the deficit before other gains and losses has reduced from £3,479k in 2020/21 to £2,592k in 2021/22.

The actuarial gain of £50,677k follows several years of volatility (£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.

Net cash at 31 July 2022 was £724k (£1,381k 2020/21 net debt). Net cash flow from Operating Activities for the year was £3,965k inflow (£3,562k inflow in 2020/21). Both years benefit from significant cash advances which will unwind in 2022/23 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.

Warwickshire College Ltd, a wholly owned subsidiary of Warwickshire College, is an employment company and during the year supplied services to the College totalling £8,689k (£7,860k 2020/21) and purchased services from the College totalling £8,689k (£7,860k 2020/21).

Warwickshire College

Strategic Report (continued)

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 £2,592k (2020/21 £3,479k), after charging depreciation of £3,333k (2020/21 £3,288k). After disposal of assets the deficit was £2,573k (2020/21 £3,659k).

The Financial Reporting Standard (FRS102) (28) pension adjustment again had a material impact on the financial statements during the year. A cost of £1,333k (2020/21 £1,015k) for staff costs and £894k (2020/21 £791k) for finance costs were included in the operating deficit above. In addition, there was an actuarial gain of £50,677k (2020/21 £1,676k) which was recorded in the Statement of Comprehensive Income and Expenditure.

The funding received from ESFA was £32,609k (2020/21 £30,701k), this included £748k (£922k 2020/21) to compensate for Teachers' Pension cost increases and one off FECA grant funding released to the I&E of £504k (£900k 2020/21) to offset spend on enhancing the quality of the College estate. In addition £202k (£412k 2020/21) of adult funding was received from the West Midlands Combined Authority. Office for Students funding decreased to £1,010k (2020/21 £1,234k) reflecting lower student numbers.

Tuition fees and education contract income was down by 6.3% to £10,002k (2020/21 £10,675k),

Other grants and contracts fell significantly to £517k (2020/21 £1,031k), principally due to lower access to the Coronavirus job retention scheme £12k (2020/21 £567k).

Other Income at £3,839k (2020/21 £3,135k, 2019/20 £4,359k and 2018/19 6,257k), principally relates to the non-curriculum, commercial activities of the College and was the area hit hardest by Covid-19 over last two years.

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 £3,965k (2020/21 £3,562k inflow). Net cash flow from investing activities was an outflow of £1,562k (2020/21 £1,445k inflow) with 2020/21 reflecting the sale of Henley sports centre and surplus agricultural land at Moreton Morrell. Net cash was £724k, up from net debt of £1,381k at the previous year end.

At the year end the College had the following loans financed through Lloyds Bank plc. A secured term loan (£9m) of which £5.4m was available and that was fully drawn, with interest rates fixed for the full period, ending September 2027. Lloyds additionally provide a £0.5m overdraft facility

Standard bank covenant tests apply in respect of leverage, cash flow cover and gearing. In recognition of the impact of Covid, however Lloyds relaxed these tests at our facility review in November 2021 for the period through to January 2023. The revised conditions have all been met and Lloyds have again extended these relaxations through to July 2023, when a longer term reset of the financial covenant suite will be set. Lloyds remain very supportive of the College and have a strong security package.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The College reserves include no restricted reserves. As at the balance sheet date total unrestricted reserves stand at £54,448k (2020/21 £6,344k). 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.

Warwickshire College

Strategic Report (continued)

Resources

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

Tangible fixed assets of £94,217k (2020/21 £95,968k) include the College's seven College sites at Royal Leamington Spa, Rugby, Moreton Morrell, Pershore, Warwick Trident, Evesham, & Malvern Hills.

The College has £54,448k (2020/21 £6,344k) of net assets including £6,961k (2020/21 £55,411k) defined benefit obligations and net cash of £724k (2020/21 £1,381k debt).

Group companies

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

Future Prospects

Budget for 2022/23

The financial budget for 2022/23 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 2022/23 and an indicative plan for 2023/24 were approved by the Board in July 2022, prior to submission to the ESFA.

The following subsequent developments have been reflected in a revised forecast and this forms the basis of our going concern assessment:

- Timing changes on cash flows, where projects have spilled over into 2022/23 or clawbacks resulting from the final outturn for 2021/22.
- The impact on the Income & Expenditure of grant funded projects moving into 2022/23 which are neutral from an EBITDA perspective, with grant releases matching increased costs.
- A revision of energy cost projections for 2023/24 to reflect current market conditions. The College is fortunate in having fixed price contracts in place, but these unwind at end March 2023 for Gas and end October 2023 for Electricity.
- Lower 16-18 year old allocation for 2023/24 to reflect current enrolments
- The results of the LGPS triennial valuation
- Mitigating cost reduction to respond to the above
- A flattening of the ESFA profile funding in 2023/24 as a result of the ONS reclassification of FE Colleges as central government sector and also the consequential loss of our overdraft facility from 31st January 2023 (£0.5m headroom loss).
- No change to funding rates are assumed for 2023/24 despite the inflationary pressures
- No property sales are assumed though there are a number of transactions that might complete within the timeframe of our current projections

Lloyds, who are familiar with the forecast, have extended current covenant relaxations through to July 2023, when a longer term reset of the financial covenant suite will be set. Lloyds remain very supportive of the College and have a strong security package in place.

Warwickshire College Strategic Report (continued)

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 7,642 (2020/21 7,965) ESFA funded students and 2,709 (2020/21 2,364) non ESFA funded students. The number of students engaged in employer responsive learning was 1,762 (2020/21 2,035). 14-16 provision has continued with approximately 142 (2020/21 139) young learners attending programmes at the College.

In academic year 2021/22, using the revised OfS definition for counting HE students, there were 611 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 455 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 have returned to above pre-Covid levels. During 2019-20 and 2020-21 students were awarded centre-assessed grades and teacher-assessed grades respectively. In 2021-22, assessment returned to normal with external examinations for vocational and academic courses. Students continue to progress to positive destinations on completion of their course with 94.1% of FE students moving into sustainable employment, further or higher education.

Safeguarding

Our policy is, that the safeguarding of students and staff at Warwickshire College is the responsibility of all members of the College. Safeguarding, along with the associated elements of Child Protection and the Prevent agenda, is integral to all activities associated with the College whether on site or off. The Policy takes account of all relevant legislation including the latest statutory guidance, Keeping Children Safe in Education 2022.

Prevent strategy policy statement

Warwickshire College is committed to providing a secure and tolerant environment for all students receiving education and training at the College. Our policy applies to all staff, governors and volunteers working for Warwickshire College.

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 1,193 (2020/21 1,238) people, of whom 781 (2020/21 804) are within teaching departments.

Trade union facility time for the period 1 April 2021 to 31 March 2022

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
6 (5.4 FTEs)	341 (251.5 FTEs)

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£47,800
Total pay bill	£30m
Percentage of total bill spent on facility time	0.15%
Time spent on paid trade union activities as a percentage of total paid facility time	92%

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

The 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 Group has an established Equality and Diversity Committee that ensures compliance with the Public Sector Equality Duty.

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 2021
Mean gender pay gap	11.6%
Median gender pay gap	15.8%
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	24%	76%
2 – Lower middle	36%	64%
3 – Upper middle	46%	54%
4 – Upper quartile	47%	53%

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

Warwickshire College Strategic Report (continued)

Gender pay gap reporting – Warwickshire College Ltd

	Year ending 31 March 2021
Mean gender pay gap	22.2%
Median gender pay gap	29.8%
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	14%	86%
2 – Lower middle	22%	78%
3 – Upper middle	34%	66%
4 – Upper quartile	57%	43%

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 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 is the holder of the Planet Mark award and has held this now for eight years as a result of efforts made by the group to reduce energy usage and carbon emissions. The Streamlined Energy and Carbon Reporting report can be found on the College website.

Warwickshire College Strategic Report (continued)

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
- provide excellent services, resources and environments
- build sustained improvement through being a self-critical and reflective organisation
- 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 March 2018, when the College's overall effectiveness was judged to be "Good". The inspectors said that:

- The Principal and Senior Leadership Team have set a clear strategic direction, centred on providing opportunities to improve learners' futures;
- Senior leaders managed the recent merger with another local college adeptly and sensitively;
- Leaders are highly effective at enabling the college to play a productive role in the local economy;
- Most learners and apprentices develop good skills, produce work of a high standard and consequently are well prepared for their next steps in education or work; almost all progress to further learning or employment;
- Managers, teachers and assessors monitor the progress of learners and apprentices well, and intervene to support them effectively.

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 1st 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 31st December 2024.

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".

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

Warwickshire College Strategic Report (continued)

Employer Engagement

As noted in the College's Ofsted inspection of March 2018 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 2021/22 this has enabled us to continue to increase our engagement and partnerships and to extend 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
Cemex UK Ltd
Coventry City Council
Coventry University
Cummins Ltd
Jaguar Land Rover Limited
Medivet
National Trust
Royal Mail Group
Rugby Borough Council
Sanctuary Group
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.

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

Warwickshire College Strategic Report (continued)

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 primary risk register is maintained at the College level which is reviewed by the Audit Committee at each meeting. Secondary risk registers have also been developed for all curriculum, commercial and support areas. These secondary registers extend the participation in the identification and assessment of risk, with key risks being escalated to the primary register against agreed rating criteria. The Audit Committee reviews the secondary registers with the designated risk owner 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.

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

- Profitable growth not delivered
- Failure to maintain financial stability
- Poor Student achievement rates
- A poor OFSTED outcome
- Business interruption due to loss or damage to Warwickshire College ITC infrastructure
- Business interruption due to loss of access or damage to a College site
- A major health and safety incident
- A major safeguarding incident
- A major regulatory compliance breach
- Failure to recruit or retain staff
- Failure to respect and promote equality, diversity and social mobility
- Adverse impact of external change

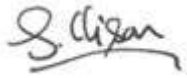
As part of the risk management process, appropriate mitigating steps have been identified and implemented against each of the above.

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.

**Warwickshire College
Strategic Report (continued)**

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

A handwritten signature in black ink, appearing to read 'G. Clipson', with a stylized flourish at the end.

**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 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

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. This opinion is based on an internal compliance review reported to the board on 8 November 2022. The College is committed to exhibiting best practice in all aspects of corporate governance and has adopted, and has adopted the AoC Senior Postholders' 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.

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 December 2022	Attendance as a Member During 2021-22
R Bentley	November 2021	1 year	31/7/22	Student	Member of ASQA	Corporation 43% ASQA 67% Strategy 0%
C Bradshaw	January 2015 January 2021	4 years		External	Chair of Audit Member of SG Member of REM	Corporation 100% Audit 100% SG 88% REM 100% Strategy 100%
M Chambers	April 2018 April 2020	4 years	31/3/2022	External	Member of RES	Corporation 20% Resources 0% Strategy 0%

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 2022	Attendance as a Member During 2021-22
G Clipson	January 2017 January 2019	4 years		External	Chair of Corporation (from 13/12/22) Vice Chair of Corporation (to 13/12/22) Chair of ASQA Chair of REM (to 13/12/22) Member of Audit Chair of SG (from 13/12/22)	Corporation 89% ASQA 100% Audit 67% SG 63% REM 50% Strategy 100%
A Daroy	January 2021	2 years	7/12/2022	External	Member of RES (2021-22) Chair of Corporation (1/8/22-7/12/22) Chair of SG Ex-Officio all committees except Audit (1/8/22-7/12/22)	Corporation 100% Resources 100% Strategy 100%
M Davis	August 2017 August 2019	4 years	2/11/2021	External	Member of RES	Corporation 0% Resources 0% Strategy 0%
N Eastwood	August 2016 August 2022	4 years		External	Member of RES	Corporation 67% Resources 75% Strategy 0%
P Gerrard	August 2021	4 years		Staff	Member of ASQA	Corporation 89% ASQA 100% Strategy 100%
J Gulrajani	January 2021	2 years		External	Member of ASQA	Corporation 78% ASQA 75% Strategy 100%
C Hooper	April 2018 April 2020	4 years		External	Member of RES	Corporation 89% Resources 75% Strategy 100%

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 2022	Attendance as a Member During 2021-22
A Joyce	April 2015	N/A		Group CEO	Ex-Officio RES and ASQA Committees	Corporation 100% Resources 100% ASQA 100% Strategy 100%
A Lazenby	January 2020 January 2022	2 years		External	Member of RES (2021-22) Member of Audit (2022-23)	Corporation 44% Resources 50% Strategy 50%
P Manford	August 2008 July 2020	2 years	31/7/22	External	Chair of Corporation (2021-22) Chair of SG Ex-Officio all committees except Audit	Corporation 100% ASQA 75% Resources 100% SG 100% REM 100% Strategy 100%
D Marshall	November 2022	9 months	31/7/23	Student	Member of ASQA	N/A
S Needham	August 2020	2 years	31/7/22	Student	Member of ASQA	Corporation 67% ASQA 100% Strategy 100%
O Orugboh	January 2021 (6 month sabbatical to Nov 2022)	2 years		External	Member of ASQA	Corporation 57% ASQA 50% Strategy 50%
L Norville	May 2019 May 2021	4 years		External	Member of ASQA	Corporation 78% ASQA 100% Strategy 100%
R Sandby-Thomas	August 2017 August 2019	4 years	18/7/22	External	Member of Audit	Corporation 89% Audit 100% Strategy 100%
K Skudra	November 2011 August 2019	4 years		Staff	Member of ASQA Member of RES	Corporation 78% Resources 100% Strategy 100%

Name	Date of Appointment, and most recent re-appointment	Term of office	Date of resignation	Status of appointment	Committees served to December 2022	Attendance as a Member During 2021-22
D Webb	November 2018 November 2020	4 years		External	Vice Chair of Corporation Member of Audit Member of SG Chair of REM (from 13/12/22)	Corporation 89% Audit 67% Strategy 100%
C White	August 2021	2 years	17/5/22	External	Vice Chair of Corporation Chair of ASQA Member of RES Member of SG Member of REM	Corporation 57% ASQA 67% SG 100% REM 100% Strategy 50%
S Williams	January 2017 January 2019	4 years		External	Chair of RES Member of SG Member of REM	Corporation 67% Resources 100% SG 88% REM 100% Strategy 50%

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.

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.

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@wcg.ac.uk

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

All governors are able to take independent professional advice in furtherance of their duties at the college's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with.

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. Members of the Corporation are appointed for a term of office not exceeding four years.

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 2022 as "Good" on the Ofsted scale.

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. Governors received specialist training on Conflicts of Interest and Loyalty in September 2021 which was attended by 14 governors and 4 senior officers. Board members also attended a range of events including regional governance conferences, induction and networking events. Specialist sessions attended included:

- Boards contribution to organisational success;
- Diversity in Leadership;
- Neuroconvention/NAIDEX conference
- The Estate and Sustainability

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. This year the Clerk completed the ETF Governance Professionals' Expert Programme. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

The governing body has considered the DfE guidance on board reviews and has commissioned an external review to commence during 2022-23.

External Review

Remuneration Committee

Throughout the year ending 31 July 2022, 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.

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

The Committee has adopted the AoC Senior Post holders' Remuneration Code. Details of remuneration for the year ended 31 July 2022 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, and includes an independent co-opted member, who is not a member of the Corporation. 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 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.

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 three times in the year to 31 July 2022. The members of the committee and their attendance records are provided in the previous table.

In January 2022 the Audit Committee was notified by Grant Thornton that they were withdrawing from audits in the FE sector. The Committee therefore decided to tender for both external and internal audit, with the incumbents having been in place respectively for 4 and 8 years. RSM UK Audit LLP and KPMG LLP were duly appointed on three year terms which can be extended for up to a further two years

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 2022 and up to the date of approval of the annual report and accounts.

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2022 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 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.

The report includes the IAS's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the College

The College has a comprehensive risk register which is reviewed and updated by the Risk Management group. The risk register is reviewed at each Audit Committee, which reports to the Board with specific high risk areas monitored by individual committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The key strategic risks are outlined in the main strategic report.

Control weaknesses identified

No significant internal control weaknesses were identified in year and up to the date of signing these accounts

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.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place. The specific areas of work undertaken by the audit committee in 2021-22 and up to the date of the approval of the financial statements are:

- Corporate Governance and Risk Management
- Data Integrity and Management Reporting
- Income Collection
- Human Resources
- Subcontractor Controls
- Follow up

Warwickshire College

Statement of Corporate Governance and Internal Control (continued)

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, actions were being taken to mitigate against any risk.

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:

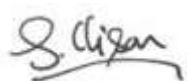
- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the regularity auditors, the appointed funding auditors 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 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2022.

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*".



G Clipson
Chair of the Corporation
13 December 2022



A Joyce
Accounting Officer
13 December 2022

Warwickshire College

Statement of Regularity, Propriety and Compliance

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

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

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

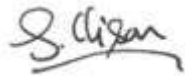


A Joyce
Accounting Officer

13 December 2022

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 Glipson
Chair of the Corporation
13 December 2022

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

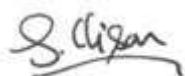
The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

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. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

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



G Clipson
Chair of the Corporation

Opinion

We have audited the financial statements of Warwickshire College Group (the "College") and its subsidiary (the "Group") for the year ended 31 July 2022 which comprise the consolidated and college statements of comprehensive income, the consolidated and college 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 2021 to 2022 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 2022 and of the Group's and the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2021 to 2022 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

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

- the College's grant and fee income, as disclosed in the note 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 26, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the 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

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

Date: 19 December 2022

Warwickshire College

Consolidated and College Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2022		Year ended 31 July 2021	
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	34,459	34,459	32,954	32,954
Tuition fees and education contracts	3	10,002	10,002	10,675	10,675
Other grants and contracts	4	517	517	1,031	1,031
Other income	5	3,839	3,839	3,135	3,135
Investment income	6	4	4	-	-
Total income		48,821	48,821	47,795	47,795
EXPENDITURE					
Staff costs	7	33,205	33,299	33,726	33,817
Fundamental restructuring costs	7	231	217	556	519
Other operating expenses	8	13,442	13,362	12,543	12,489
Depreciation	11	3,333	3,333	3,288	3,288
Interest and other finance costs	9	1,202	1,202	1,161	1,161
Total expenditure		51,413	51,413	51,274	51,274
Deficit before other gains and losses		(2,592)	(2,592)	(3,479)	(3,479)
Profit/(Loss) on disposal of assets	11	19	19	(180)	(180)
Deficit before tax		(2,573)	(2,573)	(3,659)	(3,659)
Taxation	10	-	-	-	-
Deficit for the year		(2,573)	(2,573)	(3,659)	(3,659)
Remeasurement of net defined benefit pension liability		50,677	50,677	1,676	1,676
Other Comprehensive Income for the year		50,677	50,677	1,676	1,676
Total Comprehensive Income for the year		48,104	48,104	(1,983)	(1,983)

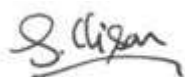
Warwickshire College
Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Group			
Balance at 1st August 2020	(21,376)	29,703	8,327
Deficit from the income and expenditure account	(3,659)	-	(3,659)
Other comprehensive income	1,676	-	1,676
Transfers between revaluation and income and expenditure reserves	490	(490)	-
Total comprehensive income for the year	(1,493)	(490)	(1,983)
Balance at 31st July 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
College			
Balance at 1st August 2020	(21,376)	29,703	8,327
Deficit from the income and expenditure account	(3,659)	-	(3,659)
Other comprehensive income	1,676	-	1,676
Transfers between revaluation and income and expenditure reserves	490	(490)	-
Total comprehensive income for the year	(1,493)	(490)	(1,983)
Balance at 31st July 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

Warwickshire College
Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non current assets					
Tangible fixed assets	11	94,217	94,217	95,968	95,968
Investments	12	2	2	2	2
		94,219	94,219	95,970	95,970
Current assets					
Stocks		599	599	467	467
Trade and other receivables	13	2,094	2,094	1,411	1,411
Investments	14	1	1	1	1
Cash and cash equivalents	19	6,124	6,124	5,419	5,419
		8,818	8,818	7,298	7,298
Less: Creditors – amounts falling due within one year	15	(9,290)	(9,290)	(7,783)	(7,783)
Net current liabilities		(472)	(472)	(485)	(485)
Total assets less current liabilities		93,747	93,747	95,485	95,485
Less: Creditors – amounts falling due after more than one year	16	(31,467)	(31,467)	(32,614)	(32,614)
Provisions					
Defined benefit obligations	18	(6,961)	(6,961)	(55,411)	(55,411)
Other provisions	18	(871)	(871)	(1,116)	(1,116)
Total net assets		54,448	54,448	6,344	6,344
Unrestricted reserves					
Income and expenditure account		25,725	25,725	(22,869)	(22,869)
Revaluation reserve		28,723	28,723	29,213	29,213
Total unrestricted reserves		54,448	54,448	6,344	6,344

The financial statements on pages 31 to 57 were approved and authorised for issue by the Corporation on 13 December 2022 and were signed on its behalf on that date by:



G Clipson
Chair



A Joyce
Accounting Officer

Warwickshire College

Consolidated Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Deficit for the year		(2,573)	(3,659)
Adjustment for non cash items			
Depreciation		3,333	3,288
Increase in stocks		(132)	(52)
(Increase)/decrease in debtors		(680)	409
Increase in creditors due within one year		2,215	2,204
Decrease in creditors due after one year		(447)	(887)
Decrease in provisions		(245)	(82)
Pensions costs less contributions payable		2,227	1,806
Adjustment for investing or financing activities			
Investment income due		(4)	-
Interest payable		290	355
(Profit)/Loss on sale of fixed assets		(19)	180
		<u>3,965</u>	<u>3,562</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Proceeds from sale of fixed assets		19	2,460
Investment income received		1	-
Payments made to acquire fixed assets		(1,582)	(1,015)
		<u>(1,562)</u>	<u>1,445</u>
Cash flows from financing activities			
Interest paid		(298)	(353)
Repayments of amounts borrowed		(1,400)	-
		<u>(1,698)</u>	<u>(353)</u>
Increase in cash and cash equivalents in the year		<u>705</u>	<u>4,654</u>
Cash and cash equivalents at beginning of the year	19	5,419	765
Cash and cash equivalents at end of the year	19	6,124	5,419

Warwickshire College

Notes to the Financial Statements for the year ended 31 July 2022

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 2021/22, 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 Group. 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, 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, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

Net cash at 31 July 2022 was £724k (£1,381k 2020/21 net debt). The College has £54,448k (2020/21 £6,344k) of net assets including £6,961k (2020/21 £55,411k) defined benefit obligations.

The financial budget for 2022/23 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 emerged.

Any budget is dependent on a series of assumptions and the College has a track record of being cautious in its forecasts, preferring to over deliver. This remains the approach adopted in the current look forward.

1. Accounting policies (continued)

The following subsequent developments have been reflected in a revised forecast and this forms the basis of our going concern assessment:

- Timing changes on cash flows, where projects have spilled over into 2022/23 or clawbacks resulting from the final outturn for 2021/22.
- The impact on the Income & Expenditure of grant funded projects moving into 2022/23 which are neutral from an EBITDA perspective, with grant releases matching increased costs.
- A revision of energy cost projections for 2023/24 to reflect current market conditions. The College is fortunate in having fixed price contracts in place, but these unwind at end March 2023 for Gas and end October 2023 for Electricity.
- Lower 16-18 year old allocation for 2023/24 to reflect current enrolments
- The results of the LGPS triennial valuation
- Mitigating cost reduction to respond to the above
- A flattening of the ESFA profile funding in 2023/24 as a result of the ONS reclassification of FE Colleges as central government sector and also the consequential loss of our overdraft facility from 31st January 2023 (£0.5m headroom loss).
- No change to funding rates are assumed for 2023/24 despite the inflationary pressures
- No property sales are assumed though there are a number of transactions that might complete within the timeframe of our current projections

Lloyds, who are familiar with the forecast, have extended current covenant relaxations through to July 2023, when a longer term reset of the financial covenant suite will be set. Lloyds remain very supportive of the College and have a strong security package in place.

The Corporation continues to consider therefore 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, it continues to adopt the going concern basis in preparing the financial statements and do not include the adjustments that would result if the College was unable to continue as a going concern

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.

1. Accounting policies (continued)

Fee income

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

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.

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.

1. Accounting policies (continued)

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.

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.

Tangible fixed assets (continued)

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.

1. Accounting policies (continued)

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.

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

Listed 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

Notes to the Financial Statements for the year ended 31 July 2022 (continued)

1. Accounting policies (continued)

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.

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.

1. Accounting policies (continued)

- 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.

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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Warwickshire College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult education budget	2,332	2,332	2,749	2,749
Education and Skills Funding Agency - 16-18	21,175	21,175	20,058	20,058
Education and Skills Funding Agency - apprenticeships	5,969	5,969	5,127	5,127
Office for Students	980	980	1,219	1,219
Specific Grants				
Releases of government capital grants	638	638	607	607
Devolved Adult Education Budget	202	202	412	412
ESFA - Teachers Pension Scheme contribution grant	748	748	922	922
ESFA - Further Education Capital Allocation	504	504	900	900
Funding body non recurrent grants	1,911	1,911	960	960
Total	34,459	34,459	32,954	32,954

3 Tuition fees and education contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Further Education students	1,996	1,996	2,011	2,011
International students	116	116	56	56
Higher Education students	3,504	3,504	3,661	3,661
Employer dedicated provision	1,231	1,231	2,359	2,359
Total tuition fees	6,847	6,847	8,087	8,087
Education contracts	3,155	3,155	2,588	2,588
Total	10,002	10,002	10,675	10,675

4 Other grants and contracts

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
European Commission	259	259	178	178
Other grants and contracts	246	246	286	286
Coronavirus Job Retention Scheme Grant	12	12	567	567
Total	517	517	1,031	1,031

5 Other income

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,545	1,545	1,130	1,130
Other income generating activities	1,619	1,619	1,352	1,352
Non government capital grants	354	354	365	365
Miscellaneous income	321	321	288	288
Total	3,839	3,839	3,135	3,135

Warwickshire College
Notes to the Accounts (continued)

6 Investment income

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Other investment income	1	1	-	-
Other interest receivable	3	3	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>

7 Staff costs - Group and College

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

	2022 No.	2021 No.
Teaching staff	781	804
Non teaching staff	412	434
	<u>1,193</u>	<u>1,238</u>

Staff costs for the above persons

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Wages and salaries	24,507	17,064	25,271	18,526
Social security costs	2,102	1,590	2,109	1,661
Other pension costs	5,346	5,119	5,481	5,279
Payroll sub total	31,955	23,773	32,861	25,466
Contracted out staffing services	1,250	9,526	865	8,351
	<u>33,205</u>	<u>33,299</u>	<u>33,726</u>	<u>33,817</u>
Fundamental restructuring costs - Contractual	231	217	556	519
Total staff costs	<u>33,436</u>	<u>33,516</u>	<u>34,282</u>	<u>34,336</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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	<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	
	2022 No.	2021 No.	2022 No.	2021 No.
£ 60,001 to £ 65,000	-	-	4	1
£ 65,001 to £ 70,000	-	-	3	3
£ 85,001 to £ 90,000	1	1	-	-
£110,001 to £ 115,000	-	1	-	-
£115,001 to £ 120,000	1	-	-	-
£130,001 to £ 135,000	1	1	-	-
£185,001 to £ 190,000	1	1	-	-
	<u>4</u>	<u>4</u>	<u>7</u>	<u>4</u>

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual pay, Nil member of "Other staff" was paid in the £60,001 to £65,000 banding in 2022 (2021:1) and 2 members of "Other staff" was paid in the £65,001 to £70,000 banding in 2022 (2021:1).

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Basic salary	520	515
Employers National Insurance	69	66
Benefits in kind	3	3
Pension contributions	<u>91</u>	<u>91</u>
	<u>683</u>	<u>675</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:

	2022 £'000	2021 £'000
Basic salary	186	184
Benefits in kind	1	1
Pension contributions	<u>44</u>	<u>44</u>
	<u>231</u>	<u>229</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

	2022	2021
CEO's basic salary as a multiple of the median of all staff	6.4 x	6.4 x
CEO's total remuneration as a multiple of the median of all staff	6.5 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 £1,296 (2020/21 nil)

8 Other operating expenses

	Year ended 31 July 2022		Year ended 31 July 2021	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	4,344	4,344	4,153	4,153
Non teaching costs	3,545	3,465	3,041	2,987
Premises costs	5,553	5,553	5,349	5,349
Total	13,442	13,362	12,543	12,489

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration:		
Financial statements audit*	73	55
Internal audit**	32	26
Other services provided by the financial statements auditors***	3	4
Other services provided by the internal auditors	-	13
(Gain)/Loss on disposal of non current assets	(19)	180
Depreciation	3,333	3,288
Operating lease rentals	761	739

* includes £69,000 in respect of the College (2020/21 £51,000)

** includes £32,000 in respect of the College (2020/21 £26,000)

*** 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

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	290	355
	<u>290</u>	<u>355</u>
Enhanced pension charge	18	15
Net interest on defined pension liability (note 23)	894	791
	<u>894</u>	<u>791</u>
Total	<u>1,202</u>	<u>1,161</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 2021	129,385	10,320	-	139,705
Additions	-	1,471	111	1,582
Disposals	-	(520)	-	(520)
At 31 July 2022	<u>129,385</u>	<u>11,271</u>	<u>111</u>	<u>140,767</u>
Depreciation				
At 1 August 2021	35,795	7,942	-	43,737
Charge for the year	2,300	1,033	-	3,333
Elimination in respect of disposals	-	(520)	-	(520)
At 31 July 2022	<u>38,095</u>	<u>8,455</u>	<u>-</u>	<u>46,550</u>
Net book value at 31 July 2022	<u>91,290</u>	<u>2,816</u>	<u>111</u>	<u>94,217</u>
Net book value at 31 July 2021	93,590	2,378	-	95,968

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

	2022 £'000	2021 £'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 2021/22 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 (PITC 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 PITC 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 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Amounts falling due within one year:				
Trade receivables	407	407	686	686
Prepayments and accrued income	1,181	1,181	324	324
Amounts owed by the ESFA	506	506	401	401
Total	<u>2,094</u>	<u>2,094</u>	<u>1,411</u>	<u>1,411</u>

Warwickshire College
Notes to the Accounts (continued)

14 Current investments

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'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 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans and overdrafts	700	700	1,400	1,400
Trade payables	497	497	526	526
Amounts owed to group undertakings:				
Subsidiary undertakings	-	35	-	31
Other taxation and social security	36	36	68	68
Accruals and deferred income *	3,990	3,955	3,372	3,341
Amounts owed to the ESFA **	4,067	4,067	2,417	2,417
Total	<u>9,290</u>	<u>9,290</u>	<u>7,783</u>	<u>7,783</u>

* includes £291,000 OfS grant funding received in advance (2020/21 nil)

** includes £1,424,000 grant funding received in advance (2020/21 £504,000)

16 Creditors: amounts falling due after one year

	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Bank loans	4,700	4,700	5,400	5,400
Deferred income - government capital grants	26,767	26,767	27,214	27,214
Total	<u>31,467</u>	<u>31,467</u>	<u>32,614</u>	<u>32,614</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 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
In one year or less	700	700	1,400	1,400
Between one and two years	700	700	700	700
Between two and five years	3,000	3,000	2,700	2,700
In five years or more	1,000	1,000	2,000	2,000
Total	<u>5,400</u>	<u>5,400</u>	<u>6,800</u>	<u>6,800</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 2022, £5,400,000 was available and drawn. The College also has a £6m Revolving Credit Facility of which £nil was available at 31 July 2022 with termination date of 30 September 2022. These loans are secured against the Trident Campus, the Evesham Campus, the Pershore Campus, the Moreton Morrell Triangle of land and the Leamington Spa Campus.

18 Provisions - Group and College

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2021	55,411	1,116	56,527
Utilised in year	(2,029)	(68)	(2,097)
Additional provisions in year	(47,315)	(195)	(47,510)
Unwind of discount	894	18	912
At 31 July 2022	<u>6,961</u>	<u>871</u>	<u>7,832</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local

The enhanced pension provision relates to the cost of staff who have already left the College's

The principal assumptions for this calculation are:

	2022	2021
Price inflation	3.15%	3.30%
Discount rate	3.5%	1.6%

Warwickshire College
Notes to the Accounts (continued)

19 Analysis of changes in net debt - Group and College

	At 1 August 2021	Cash flows	Other changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	6	-	-	6
Bank	513	5	-	518
Lloyds call account	4,800	(3,700)	-	1,100
Lloyds 32 day notice account	100	4,400	-	4,500
Total cash at bank and in hand	5,419	705	-	6,124
Bank loans due within one year	1,400	(700)	-	700
Bank loans due after one year	5,400	(700)	-	4,700
Total bank loans	6,800	(1,400)	-	5,400
Total	(1,381)	2,105	-	724

20 Commitments under operating leases

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

	Group and College	
	2022	2021
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	674	654
Later than one year and not later than five years	3,391	3,195
later than five years	9,111	9,200
	<u>13,176</u>	<u>13,049</u>
Other		
Not later than one year	102	102
Later than one year and not later than five years	256	359
	<u>358</u>	<u>461</u>
Total lease payments due	<u>13,534</u>	<u>13,510</u>

21 Contingent liabilities

No contingent liabilities identified

22 Capital and other commitments

	Group and College	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	733	9

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 2019 and of the LGPS 31 March 2019.

Total pension cost for the year	2022 £'000	2021 £'000
Teachers Pension Scheme: contributions paid	2,018	2,121
Local Government Pension Scheme:		
Contributions paid	1,963	2,163
FRS 102 (28) charge	1,333	1,015
Charge to the Statement of Comprehensive Income	3,296	3,178
Enhanced pension charge to Statement of Comprehensive Income	(195)	(20)
Total Pension Cost for College	5,119	5,279
NEST pension cost for subsidiary	227	202
Total Pension Cost for Group	5,346	5,481

Contributions amounting to £nil (2020: £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 2019. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The DfE has agreed to pay a teacher pension contribution grant to cover the additional costs during the 2021/22 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 £2,018,000 (2021: £2,121,000)

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 2022 was £1,848,000, of which employer's contributions totalled £1,440,000 and employees' contributions totalled £408,000. The agreed contribution rates for future years are for Warwickshire County Council 20.0% for employers and for Worcestershire County Council 19.3% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by Hymans Robertson LLP, a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	3.50%	3.60%
Future pensions increases	2.70%	2.80%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.75%	2.85%
Commutation of pensions to lump sums	50%	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 2022	At 31 July 2021
	years	years
<i>Retiring today</i>		
Males	21.6	21.8
Females	24.1	24.2
<i>Retiring in 20 years</i>		
Males	22.7	23.0
Females	25.9	26.1

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 2022 £'000	Fair value at 31 July 2021 £'000
Equity instruments	60,508	62,020
Debt instruments	33,219	27,936
Property	10,559	12,024
Cash/Other	3,374	4,201
Total fair value of plan assets	<u>107,660</u>	<u>106,181</u>
 Actual return on plan assets	 <u>1,878</u>	 <u>17,977</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:

	2022 £'000	2021 £'000
Fair value of plan assets	107,660	106,181
Present value of plan liabilities	(114,621)	(161,592)
Net pensions (liability)/asset (Note 18)	<u>(6,961)</u>	<u>(55,411)</u>

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	3,279	3,210
Past service cost	81	13
Total	<u>3,360</u>	<u>3,223</u>

Amounts included in interest payable

Net interest on the net defined benefit pension liability	(894)	(791)
	<u>(894)</u>	<u>(791)</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	184	16,724
Experience losses arising on defined benefit obligations	-	-
Changes in assumptions underlying the present value of plan liabilities	50,493	(15,048)
Amount recognised in Other Comprehensive Income	<u>50,677</u>	<u>1,676</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

	2022	2021
	£'000	£'000
Deficit in scheme at 1 August	(55,411)	(55,281)
Movement in year:		
Current service cost	(3,279)	(3,210)
Employer contributions	2,029	2,210
Past service cost	(83)	(15)
Net interest on the defined (liability)/asset	(894)	(791)
Actuarial gain or (loss)	50,677	1,676
Net defined benefit liability at 31 July	<u>(6,961)</u>	<u>(55,411)</u>

Asset and Liability Reconciliation

	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	161,592	143,403
Current Service cost	3,279	3,210
Interest cost	2,588	2,044
Contributions by Scheme participants	438	509
Experience gains and losses on defined benefit obligations	-	-
Changes in demographic assumptions	(612)	1,816
Changes in financial assumptions	(51,248)	14,030
Changes in other assumptions	1,367	(798)
Estimated benefits paid	(2,864)	(2,635)
Past Service cost	-	13
Curtailments and settlements	81	-
Defined benefit obligations at end of period	<u>114,621</u>	<u>161,592</u>

Reconciliation of Assets

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	106,181	88,122
Interest on plan assets	1,694	1,253
Return on plan assets	184	16,724
Employer contributions	2,027	2,208
Contributions by Scheme participants	438	509
Estimated benefits paid	(2,864)	(2,635)
Fair value of plan assets at end of period	<u>107,660</u>	<u>106,181</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 £1,296; 7 governors (2021: £nil; 0 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 (2021: None).

Governor Name	Related Party Organisation	Purchases or Sales	Value 2021/22 £	Value 2020/21 £	Balance at Year end 2021/22 £	Balance at Year end 2020/21 £
G Clipson	Director and Chair of the Board of BIIAB Qualifications Ltd	Purchases	0	281	0	0
G Clipson	Chair and a Trustee of Skills for Education Group Awards	Purchases	610	1,429	0	0
N Eastwood	Deputy Chairman of Wasps Ricoh Arena	Sales	0	43,863	0	0
J Gulrajani	Employee of the Quality Assurance Agency for Higher Education	Purchases	8,719	12,968	4,020	3,900
A Joyce	Director of Quality Assurance Agency for Higher Education	Purchases	8,719	12,968	4,020	3,900
A Joyce	Director of Landex	Purchases	8,550	7,400	0	0
C White (resigned 17/05/22)	Employee of Manufacturing Technology Centre Ltd	Sales	31,210	0	0	0
M Davis (resigned 02/11/21)	Director of Kantar UK Ltd	Purchases	495	1,980	0	0
R Sandby-Thomas (resigned 18/07/22)	Employee of the University of Warwick	Sales	720	14,150	0	275
R Sandby-Thomas (resigned 18/07/22)	Employee of the University of Warwick	Purchases	8,747	81,561	0	0

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

Additionally, in January 2021, the College completed the sale of the Henley Sports Centre to WNTG Limited (company number 10795680) for development as an elite training centre for Wasps RFC. Mr Eastwood is not a director of WNTG Limited but it does share a common ownership with Wasps Holdings Limited (of which he is a Director) and who now rent the site from WNTG Ltd. Mr Eastwood disclosed his interest from the outset and played no part in the identification of the site, the negotiations of the transaction and he absented himself from all Warwickshire College discussions of this matter.

The College holds a 50% shareholding in PITC Limited (Note 12).

Loan repayment from PITC Ltd to the College in the year amounted to £8,138 (2021 - £4,069)

Sales transactions in the year amounted to £2,241 (2021 – £1,333). Balances outstanding at the year end amounted to £nil (2021 – £nil)

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

Sales transactions in the year amounted to £8,689,595 (2021 – £7,860,120). Balances outstanding at the year end amounted to £nil (2021 – £nil)

Purchase transactions in the year amounted to £8,689,595 (2021 – £7,860,120). Balances outstanding at the year end amounted to £34,842 (2021 – £30,920)

Warwickshire College
Notes to the Accounts (continued)

25 Amounts disbursed as agent

Learner support funds

	2022 £'000	2021 £'000
Funding body grants – hardship	49	71
Funding body grants – residential bursaries	129	136
Funding body grants – 24+ Bursary	87	110
	<u>265</u>	<u>317</u>
Disbursed to students	(207)	(269)
Administration costs	(8)	(9)
	<u>50</u>	<u>39</u>
Balance unspent as at 31 July, included in creditors	<u>50</u>	<u>39</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

	2022 £'000	2021 £'000
Amount carried forward from previous year	246	234
Amount received in the year	204	214
	<u>450</u>	<u>448</u>
Disbursed to companies	(79)	(202)
	<u>371</u>	<u>246</u>
Balance unspent as at 31 July, included in creditors	<u>371</u>	<u>246</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

	2022 £'000	2021 £'000
Access investment	182	170
Financial Support to students	183	113
Disability support	59	54
Research and evaluation	52	52
Additional hardship	0	50
Total Access and Participation	<u>476</u>	<u>439</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

On 29 November 2022 the Office for National Statistics published its decision to reclassify the statutory further education sector into the central government sector. The government have confirmed that colleges will retain their surpluses and be able to carry them over from one year to the next, but the transfer to the public sector will mean that colleges will be subject to the public sector framework for financial management as set out in the Managing Public Money document published by HM Treasury. The College does not believe that this will have a material impact on its financial operation.

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 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder.

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

Responsibilities of Corporation of 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 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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)

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.

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

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Date: 19 December 2022



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