



KIRKLEES
COLLEGE

KIRKLEES COLLEGE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023



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Reference and Administrative Details

Board of Governors

A full list of Governors is given on page 26 of these financial statements.

Clerk to the Corporation

Mrs Joanna Green acted as Clerk to the Corporation.

Key Management Personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2022/23:

Mr Palvinder Singh	Principal and Chief Executive, Accounting Officer
Mr Peter Doherty	Vice Principal, Finance and Resources (Started 19 th September 2022)
Mrs Julia Arechiga	Vice Principal, Curriculum and Innovation
Mr Mark Bennington	Vice Principal, Corporate Operations (Left 3 rd May 2023)
Mrs Rebecca Meara	Executive Director of Finance (Left 31 st December 2022)
Mr Darren Rayneau	Executive Director of Business Systems
Mrs Jane Simpson	Executive Director of Human Resources and Organisational Development
Mrs Pauline Hughes	Assistant Principal, Quality and Student Experience
Ms Lisa Buckley	Assistant Principal, Curriculum and Performance
Mrs Polly Harrow	Assistant Principal, Safeguarding and Inclusion
Mrs Helen Rose	Director of External Relations and Apprenticeships
Mr Philip Sugden	Director of Estates and Facilities (Started 13 th June 2023)

Reference and Administrative Details (*continued*)

Registered Office

Kirklees College
Waterfront Quarter
Manchester Road
Huddersfield
HD1 3LD

Professional advisors:

Financial statement and regularity auditors:

RSM UK Audit LLP
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

Internal auditors

TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers:

Lloyds Bank plc
1 Westgate
Huddersfield
HD1 2DN

Kirklees Council
Civic Centre
Huddersfield
HD1 1WG

Solicitors:

Shoosmiths LLP
The XYZ Building
2 Hardman Boulevard
Spinningfields
Manchester
M3 3AZ

Eversheds LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Irwin Mitchell LLP
Riverside East
2 Millsands
Sheffield
S3 8DT

Strategic Report

OBJECTIVES AND STRATEGY

The Governing Body present their annual report together with the financial statements and auditors report for Kirklees College for the year ended 31 July 2023.

Legal status

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

The Corporation was incorporated as Huddersfield Technical College. However, on 1st August 2008 the college merged its activities with Dewsbury College and at that date all assets, liabilities and activities of Dewsbury College were transferred to Huddersfield Technical College and Dewsbury College was dissolved. The Secretary of State granted consent to the Corporation to change the college's name to Kirklees College with effect from that date.

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements.

Mission

Kirklees College is committed to creating a culture of continuous improvement that challenges and stretches our ambition. We aim to be a desirable place to work and learn, exhibiting values and behaviours that encourage staff and students to be aspirational for themselves and inspirational to others.

The college's mission is:

'Creating opportunities, changing lives'

This mission statement was agreed following an extensive consultation exercise with stakeholders. The roadmap to the delivery of this mission was then established through a revision to the college values and its strategic plan. This mission celebrates the fact that Kirklees College is an institution that provides ladders of opportunity irrespective of previous academic achievement and changes lives through the power of high quality vocational education and training which deliver successful outcomes and progression to meet individual and community needs.

Strategic Report (*continued*)

Implementation of strategic plan

A new Strategic Plan for 2022 to 2025 was developed following full stakeholder consultation ('Your Voice, Our Future') and approved by Corporation in July 2022. As an anchor organisation working with local communities and partners, Kirklees College has a pivotal role to play in delivering positive change to people's lives. The Strategic Plan 2022-2025 is a guide to achieve the best possible outcomes for our students, staff and community. It will also help ensure a thriving college for future generations.

The college mission is 'Creating opportunities, changing lives'.

The college Vision is 'A college at the heart of its community providing inspirational teaching and ensuring curriculum is developed with employers, enabling all students to progress.'

The Strategic Plan 2022-25 defines the college's values, which epitomise 'how we do things'.



The college's Strategic Goals for 2022/25 are the big-ticket items to progress by 2025 to deliver our vision, namely:

People

- An excellent culture in which to work and learn
- A dynamic interconnected digital learning experience

Performance

- A fantastic student learning experience with great outcomes
- Strong, sustainable financial performance

Position

- Recognised by employers and students as the provider of choice in Kirklees for higher technical skills
- Every centre demonstrates strong civic responsibility
- We play an important role in combating climate emergency

Strategic Report (*continued*)

The following Strategic Priorities were defined by the college and achieved for 2022/23:

- Everyone understands the value of a restorative, anti-racist and trauma aware college
- Maximising destination outcomes for all students
- Detailed understanding of carbon footprint
- Develop a centre (campus) place based curriculum strategy
- Create inclusive communities of excellent learning and teaching with a focus on digital
- Establish key delivery relationship mapping
- Develop a marketing strategy for student recruitment

Key achievements 2022/23

Key headline highlights against the college strategic objectives in 2022/23 include:



Celebrating a 'Good' Ofsted Result

Kirklees College was awarded a 'Good' grade in all areas by Ofsted in March 2023, after our first full inspection in over a decade. In the report, the inspectors highlighted the sense of passion for students that exists for the college, as well as the fact that the college is a warm and welcoming environment where students feel safe. The report also stated that: "leaders have devised a clear and ambitious strategy that puts the guiding values of kindness, unity and excellence at the forefront."



Together We Are Mighty

In July 2023 we launched our new promotional video, 'Together We Are Mighty', across all social media platforms. The video was created as a celebration of the KC Community and to highlight our values of Kindness, Unity and Excellence by featuring a range of footage of students, staff, facilities and local landmarks. The video also features a moving voiceover by Music student, Charlotte Bulloch. It has now reached over 22,000 views on YouTube and over 4,000 views on Facebook.

Strategic Report (*continued*)



Kirklees College announces partnership with the University of Central Lancashire

Kirklees College is offering two brand-new Foundation Degrees in Computing and Business in partnership with the University of Central Lancashire (UCLan).

The courses will offer students the chance to earn a highly credited qualification from one of the UK's top universities. With a core focus on work experience, employability skills and learning relevant to industry needs, both Foundation Degrees offer a tangible, value for money route to employment in two of the

UK's most in demand sectors.

The new partnership with UCLan is part the college's Higher Education strategy and offers progression routes for students who want to secure Higher Technical Qualifications that lead to meaningful employment. Both programmes have an industry placement within them which gives students opportunities to further develop their knowledge, skills and behaviours and be ready to move into employment with confidence.

The college is particularly proud of our staff and students and surveyed both groups in 2022/23.

In June 2023 the college ran the annual survey of staff. Overall, 90% of staff felt that the college is an inclusive institution and 90% of staff stated managers treat staff with respect.

The college also surveys its students regularly. In the final term of 2022/23, a survey of classroom based learners concluded that 94% of students considered the quality of teaching on their programme of study to be a good standard. 97% of students agreed the college was a welcoming place for people of all backgrounds. 95% of students said the college was safe a place to be.

Strategic Report (*continued*)

Resources

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

People

The college employed an average of 683 full time equivalent staff in the year to 31st July 2023 (672 in 2021/22) of whom 283 (295 in 2022) are teaching or staff directly engaged in the delivery of the curriculum.

Students

The college delivered education to approximately 10,200 students. The college's population included 3,491 16 to 18 year-old students, 1,412 apprentices, 109 higher education students and 193 advanced learner loans funded students. The college also delivered to 5,000 adults.

Financial

Reserves increased in 2022/23 to £30.1m.

Tangible resources as at 31st July 2023 include the main college sites in Huddersfield and Dewsbury and four other specialist sites situated in the Kirklees area.

Reputation

The college has a good reputation locally and nationally. Maintaining a quality brand is essential for the college's success at attracting students and external relationships.

Stakeholders

Kirklees College has many stakeholders. These include:

- Current, future and past students.
- Staff and their trade unions. The senior management team are named at the front of this document. The trade unions of which Kirklees College staff are members are the University and College Union, National Education Union and Unison.
- The employers it works with.
- The wider local community.
- The Department for Education and its delivery agencies.
- Bankers.
- Kirklees Council, The Leeds City Region Local Enterprise Partnership (LEP) and the West Yorkshire Combined Authority.
- Other FE institutions and Schools.
- Professional bodies.

The college recognises the importance of these relationships and engages in regular communication with them through the college website and by meetings.

Strategic Report (*continued*)

Public Benefit

Kirklees College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 26.

In setting and reviewing the college's strategic objectives, the Governing Body has had due regard to the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 10,200 students including over 500 with high needs.

Kirklees College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The college adjusts its courses to meet the needs of local employers and in 2022/23 provided training to 1,412 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible, regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

The college has adopted the measure of Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) for monitoring financial performance. This measure adjusts the operating position for the major non-cash transactions (depreciation, capital grant releases, the defined benefit pension obligation operating credits/charges) and interest payable. In 2022/23 the college returned an EBITDA of £4.5m against an original budget of £2.8m (2021/22 £4.3m against an original budget of £3.4m).

The Statement of Comprehensive Income shows a surplus of £5.1m, (2021/22 – surplus of £38.3m). This is stated after a favourable £4.2m movement in the actuarial valuation of the Local Government Pension Scheme, (2021/22 £40.7m favourable actuarial movement), and £1.1m (2021/22 £4.2m) of FRS102 operating charges in respect of the pension scheme. The underlying trading position without these pension movements has declined from a surplus of £1.7m in 2021/22 to £0.8m in 2022/23.

The college's financial statements show accumulated reserves of £30.1m compared to the net unrestricted reserves of £25.0m in 2021/22. The Statement of Changes in Reserves on page 45 summarises the movements in more detail.

Strategic Report (*continued*)

Tangible fixed asset additions during the year amounted to £3.0m. These additions were split between land and buildings additions of £1.7m and equipment additions of £1.3m.

Land and buildings additions mainly relate to the construction of a new building at the college's Taylor Hill site along with the installation of solar panels at the Huddersfield Centre, Engineering centre and Brunel Construction Centre.

The £1.3m of equipment additions include £0.54m of specialist educational equipment funded by the Department for Education for the introduction of T-Level courses and £0.18m for green skills funding related to electric vehicles and equipment for our motor vehicle curriculum area. The balance of £0.58m was investment in IT hardware and systems, hair and beauty equipment and estates related spend.

Cash flows and liquidity

There was a net cash inflow from operating activities of £7.9m in 2022/23 compared to £3.6m in 2021/22. The Statement of Cash Flows analyses the movements in cash flows in more detail, and includes receipt of £2.6m of capital funding which remained unspent at 31 July 2023. £0.8m of debt was repaid during the year.

Capital Developments

A new building at the college's Taylor Hill site was constructed during 2022/23 and completed in early 2023/24. The building comprises a reptile room, aquarium and workshop for the delivery of Animal Management T levels. It provides a modern, environmentally efficient space to complete the upgrade of the college estate to Good and signals completion of the existing Estates Strategy.

No further developments have arisen from a review of the college's Reinforced Autoclaved Aerated Concrete (RAAC) position. All college buildings fall outside the RAAC timelines and this position was reported to the Department for Education in September 2023.

Strategic Report (*continued*)

Other Developments and events



New Hybrid Electric Vehicle Centre

Kirklees College announced the launch of its Hybrid Electrical Vehicle Centre at its Engineering Centre which has been funded through the West Yorkshire Consortium of Colleges (WYCC) Strategic Development Fund to improve green skills in the region.

The new state-of-the-art facility has been designed to provide students with hands-on training in the latest hybrid and electric vehicle technology, preparing them for careers in the fast-growing automotive industry.

Working together with colleges, educators, partners and employers, WYCC's Green Skills Service aims to develop the green skills offer, grow internal skills and awareness and work towards Sustainable Development Goals (SDGs) across the region.



COLS 2023

Kirklees College held its annual College Outstanding Learner Success (COLS) Awards ceremony on 15 June 2023. The event, now in its thirteenth year, celebrated the accomplishments of students who have excelled academically, contributed to college life, and demonstrated remarkable personal qualities throughout the year. In addition to the 39 curriculum area accolades presented, one student, Michael Bennett Bottomley, studying Bricklaying, received the prestigious overall prize for his

outstanding achievement and contribution to the KC Community.

Strategic Report (*continued*)



Festival of Learning

The college held its annual Festival of Learning, where curriculum and business support staff came together to showcase exemplary and innovative practice. There were exhibition spaces for staff to present the work they had done throughout the year and for people to network and expand their knowledge of different areas across the college. There was also a lunch for colleagues to celebrate the end of the academic year together.

Student numbers

In 2022/23 the college delivered funded activity that has produced £36.7m in ESFA and West Yorkshire Combined Authority funding (2021/22, £34.5m). The college delivered to approximately 10,200 funded learners from these allocations, including 1,412 apprentices and 5,000 adults. In 2022/23 the college delivered to 3,491 16-18-year olds, 117 higher than the 3,374 contracted for and 84 higher than 2021/22, meaning that the allocation for 2023/24 has increased through the lagged funding methodology.

Curriculum achievements

In March 2023 the college was reassessed by Ofsted as a 'Good' provider.

"Leaders have devised a clear and ambitious strategy that puts the guiding values of kindness, unity and excellence at the forefront. The strategy is being implemented on sound foundations that have been established well over several years. Leaders focus on the needs, well-being and future prospects of their students and apprentices, and a sense of passion for students and apprentices permeates the college." Ofsted (2023)

The college has a strategic focus on providing the skills, knowledge and expertise required to address skills shortage areas and support economic growth in Kirklees and the wider Leeds City region. To ensure that the right curriculum is offered to meet employers' needs and key regional skills shortage priorities, the college has had significant strategic focus of developing excellent relationships with a wide range of employers. The college is becoming an acknowledged centre for the delivery of training for industry in engineering and process manufacturing, which is of strategic economic importance in Kirklees

Students benefit from the high expectations, levels of support and subject expertise of staff which ensures that they develop the required academic knowledge and practical skills in order to successfully complete their programme and progress into further learning or employment in the industries that learners aspire to move into.

Strategic Report (*continued*)

The college has seen significant growth in a number of curriculum areas, and is delighted to have directed investment to enable this growth for the future. Particular areas of celebration in 2022/23 have been:



The Taylor Hill Animal Centre extended facilities to support growing numbers of students choosing to study on the college's Animal Care and Land-Based courses. The investment of £1.7m enabled the successful build of the new state of the art Reptile House/Centre.



The Senior Leadership Teams from Kirklees College and Huddersfield New College met to discuss collaborative working and aligning our post-16 curriculum offers over a fabulous lunch produced and served by our Hospitality and Catering students.

Strategic Report (continued)

Student achievements



Bricklaying student Michael Bennett-Bottomley was this year's 'Overall Winner - Outstanding Achievement' at the annual COLS awards. Staff members have consistently praised Michael for his enthusiasm, engagement and progress. He excels academically and actively seeks support and guidance when needed.

Plumbing apprentice Rebecca Markey won the Kirklees Adult Learner Award for 'New Directions' on Thursday 13 October 2023. The awards, given out in a formal ceremony at the University of Huddersfield, celebrate adult learners across Kirklees who have returned to education and are making a positive impact within their chosen industry.

Her progression from Level 1 student to Level 3 apprentice, aptitude and positive attitude to learning clearly stood out to the judging panel and ultimately led to her receiving this prestigious award.



Strategic Report (*continued*)



The Beauty Therapy department named Molly Goddard as this year's Beauty Therapy Student of the Year in July 2023.

Molly has shown exceptional teamwork and communication skills. She has a natural flare for the industry, is very passionate and the whole team agree she has a bright future in Beauty Therapy.



This year, the college saw some outstanding results from some truly inspiring students. One of those students is Min Zhang, who sat both GCSEs and achieved a very impressive grade 5 in maths and grade 4 in English.

Speaking about her experience at Kirklees College, Min said:

"English is my second language so I was not familiar with a lot of terminology, however, the tutors were very professional, supportive and patient with me."

Min hopes to use these qualifications to support her career aspirations of becoming a Teaching Assistant.

Strategic Report (*continued*)

Rosie Hodgson, a Level 3 Art and Design student at Kirklees College, was selected as a finalist in the Holdsworth House Diamond Anniversary Art Competition.

Zainab Mulla, Study Programme Lead for Level 3 Art and Design at Kirklees College said:

“We are really proud that Rosie has made it to the final of the competition with her fantastic piece of artwork. She has produced a high-quality piece to add to her portfolio and we know that Rosie has a bright future ahead of her in the Art and Design industry.”



This year, two Hospitality and Catering students made it to the final rounds in prestigious cooking competitions.

In April 2023, Alistair Stanyer, a Level 3 Professional Cookery student, was shortlisted for the 2023 Nestlé Professional's Toque d'Or competition.

Level 1 Culinary Skills student, Isaac, was also selected to compete in the prestigious CombiGuru Challenge in Italy. The CombiGuru Challenge is an annual competition that brings together some of the most talented young chefs from around the world.

Strategic Report (*continued*)

Curriculum developments

The college continues to offer a curriculum strong in breadth and depth, including courses from entry level to Higher Education opportunities. There has been a very strong focus developing the skills improvement plan (LSIPs) and listening to and working with a wide range of employers, this has led to curriculum development, new apprenticeship programmes and bespoke full cost training.

Future curriculum developments will focus on skills shortage areas, local and regional LEP priorities and employer identified demands, together with extending the college T-Level offer into new curriculum areas from 2023/24.

Environmental matters

The college's Strategic Goals for 2022 to 2025 include a focus on environmental matters by recognising that 'We play an influential role in combating climate emergency'.

This was translated into a Strategic Priority for 2022/23 of gathering a 'detailed understanding of carbon footprint'. The college completed this work in 2022/23 and published a Streamlined Energy Carbon Report on its website, to be updated annually.

The college has established a Sustainability Group and agreed to adopt the Climate Action Roadmap for FE Colleges (Climate Commission for UK Higher and Further Education) in 2022/23, which provides a recognised pathway towards becoming a 'leading' college for sustainability. The roadmap provides a series of initiatives (including Leadership and Governance, Teaching and Learning and Data Collection) for implementation on the journey to net zero emissions.

The college has also completed a significant Solar Panel installation project to four buildings in the estate with an aim to produce 5-10% of the annual electricity usage. The Estates team continue to monitor energy usage and review efficiencies and system developments to reduce environmental impact.

Furthermore, the college was awarded two capital grants (totalling £3.6m) in 2022/23 relating to building condition improvements and these funds will be used to support projects that have a positive environmental impact.

Reserves

The college has accumulated income and expenditure reserves of £30.1m and cash reserves of £13.4m. The college wishes to continue to accumulate reserves and cash balances in order to fund future capital investment.

Strategic Report (*continued*)

Sources of income

The college places significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022/23, funding bodies provided 87% of the college's total income. The largest proportion of funding comes from 16-18 Education and Training, which grew by £0.5m (2%) on the previous year.

FUTURE PROSPECTS

Future developments

The college's Strategic Priorities for 2023/24 are as follows:

- Embed trauma informed, anti-racist and restorative practice
- Establish a digital innovation hub
- Improve 16-18 study programme achievement rates
- Develop data dashboard for curriculum areas
- Undertake a Curriculum Efficiency and Financial Sustainability Support (CEFSS) review
- Develop a skills responsive strategy for growth
- Embed environmental sustainability

Our college remains determined to continue raising standards in everything it does. We have demonstrated significant improvements to the learner experience, financial health, the support we provide for our students and the quality of teaching and learning provided and will seek to continue this drive over the remaining Strategic Plan period.

Strategic Report (*continued*)

Financial Plan

The college governors approved a financial plan in July 2023 which set objectives for the period to July 2025 which aims to consistently improve financial resilience.

Treasury policies and objectives

Treasury management is the management of the college's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. The college has a separate treasury management policy in place.

In March 2010, the college agreed a long-term borrowing facility of £23.4m from the Local Authority at a fixed rate for 25 years of 5.08% to part finance the £85m major capital build projects in Huddersfield. As part of the college recovery plan supporting the 2017/18 Restructuring Fund application, the Local Authority agreed a one-year payment holiday in 2019/20 which resulted in the loan term being extended by one year to March 2036.

In November 2018, the college agreed a £3.8m borrowing facility with the Department for Education through the Restructuring Fund. The final instalment of this loan was paid in February 2022. The financial performance covenant will not be measured beyond July 2023. Given that the loan has been fully repaid this is not considered to impact on the going concern assessment.

These financial statements include provision for the repayment of £1.42m to the LEP in respect of an overage clause to the Process Manufacturing Centre grant agreement. Accounting standards require this to be treated as a 'loan'. The repayment amount in February 2026 is fixed at £1.42m. This sum has been discounted back to arrive at a value at drawdown reflective of the prevailing commercial rate of interest at the time, and the balance is being amortised annually until it reaches the repayment sum by the repayment date. At the July 2023 year end, £1.26m is disclosed within loan balances due in over one year, the remaining £0.16m is disclosed within other creditors due in over one year.

The establishment of all borrowing requires the authorisation of the Corporation and following the reclassification to the central government sector with effect from 29 November 2022 it will also require the consent of the Department for Education.

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. As at the balance sheet date, the Income and Expenditure account reserve stands at £30.1m (2022 £25.0m). It remains the Corporation's intention to increase reserves by the generation of annual operating surpluses to ensure strong sustainable financial performance for the colleges future.

Strategic Report (*continued*)

PRINCIPAL RISKS AND UNCERTAINTIES

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. The Governing Body has overall responsibility for risk management and its approach to managing risks and the system of internal control is explained in the Governance Statement.

The Risk Management policy and procedure was reviewed in 2022/23, resulting in further detail on risk management roles and on key risk definitions. The risk register is considered in detail by the audit committee on a termly basis before being presented to the full Corporation meeting.

A “heat map” procedure is applied to assess levels of risk. 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 in a RAG (Red, Amber, Green) manner which gives the college an easily recognised picture at a glance but with the detail beneath it as and when required. The Risk Management Policy and Procedures identify the inherent risks, the residual risks following implementation of appropriate controls and also show a target risk profile.

The Senior Leadership Team also consider any risks which may arise as a result of a new area of work being undertaken by the college, and have separate risk registers for any major capital building projects. Outlined below is a list of the risks that the college has assessed as its key risks as at July 2023. Not all the factors are within the college's control.

- Failure to identify resources necessary to meet curriculum reforms and industry standards;
- Failure to equip students with the skills they need to be successful for progression;
- Failure to align students with a programme of study that meets their needs (post entry);
- Failure to provide students with the support they need to enable them to succeed in their goals;
- Failure to respond to curriculum and government reforms;
- Failure to protect college digital resources and data;
- Failure to diversify income streams;
- Failure to meet business plan targets;
- Failure to maintain effective governance.

Of these, the primary risk is considered to be the risk of adequate resourcing. After intense lobbying the FE sector has been allocated additional DfE funding for 2023/24 and 2024/25. This is aimed at helping colleges address key priorities which are of critical importance to the nation's economic growth and prosperity. However, there is still a need to address broader 16-19 funding which is significantly lower than other phases of education, as well as the increasing cost pressures which are the result of stubbornly high inflation rates.

Implementation of a new risk management software system commenced in June 2023 and is being rolled out in 2023/24 alongside risk management training for risk owners.

Strategic Report (*continued*)

KEY PERFORMANCE INDICATORS

Financial objectives

The college financial objectives were revised as part of the 2018 Restructuring Fund (RF) application. The objectives and performance against them are as follows:

1. *Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) at a minimum of 8%*

2022/23 EBITDA performance was 10.2%. This is a significant improvement on target on what was a challenging budget year. Due to lagged funding and the shortfall in learner number the previous year, the college had a budget EBITDA for the year of 6.6%

This improvement was due to improved funding for AEB from WYCA and savings in both the pay and non-pay budget.

2. *Overall 'Good' financial health by the end of 2022/23*

The target for 2022/23 was to achieve 'Good' financial health. This has been achieved.

3. *Cash balances at a minimum of 30 days with the exception of the traditional March pressure point*

This has been achieved throughout the year.

4. *Debt to income ratios not exceeding 40% by July 2023*

The out turn on this measure was 41.1% so this KPI was not achieved. The key reason for this is the inclusion of the unamortised LEP overage as a 'loan' feeding into this calculation. The current assessment is that the college is not now expected to achieve this target until the year to July 2024.

5. *Staff to Income ratio no more than 65%*

This target has been achieved in 2022/23 - the final outturn was 62.5%, driven by a combination of post gapping and lower pay costs resulting from vacancies.

Contract performance

After the disappointing 16-18 learner number performance in 2021-22 the college over performed its student number target recruiting 3,491 against contract number of 3,374. The contract for 2023-24 was increased accordingly.

Performance against the Adult Education Budget has continued to improve following the impact of Covid. 2022/23 outturn for the devolved Adult Education Budget contract was 99% (2021/22 98%). Performance against the non-devolved Adult Education budget was 100%, much improved on the 2021/22 out turn of 40%.

Strategic Report (*continued*)

EQUALITY AND DIVERSITY

Single Equality, Diversity, Inclusiveness and Belonging Strategy

The college strives to embed all aspects of Equality and Diversity in everything we do. We pride ourselves on being a welcoming and inclusive college with a real commitment to continually raising awareness of equality and diversity matters and minimising discrimination and prejudice. Leaders, managers and tutors promote a culture where individual difference is celebrated, and diversity is understood as a valuable component to a harmonious society.

We are committed to providing a great place to work and study. Our Gender, Disability and Ethnicity pay gap report is produced both in line with our legal obligations under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 and it's our commitment to advancing equality of opportunity and ensuring fair treatment for the entirety of our workforce.

The Single Equality Strategy (SES) brings together our commitments to equality, diversity and inclusiveness, and our equality ambitions and plans across the organisation. It embraces all members of our college community and its objectives demonstrate our wholehearted commitment to continued action in tackling inequality and promoting diversity and inclusiveness. We will continue with our efforts to break down barriers and challenge unfairness, and ensure opportunities and experiences provided by the college help people and communities reach their full potential. The college efforts in this regard have been further enhanced in 2022/23 through its affiliation with the Black Leadership Group.

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The Equality and Diversity policy is implemented and monitored on a planned basis and is published on the college website. The college undertakes equality impact assessments on all new policies and procedures. The college is committed to being an 'Inclusive Employer' and has committed to the principles of the inclusive employer framework.

The college is a 'Disability confident' employer and has committed to the principles and objectives of the Disability confident standard. The college considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the college continues. The college's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The college has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff.

Trade Union facility time

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.

For the purpose of industrial relations, the college recognises UNISON and UCU working collectively together to resolve any employee related issues. Therefore, a number of the college's employees also carry out Union duties as part of their role; the number of employees undertaking these roles are:

Strategic Report (*continued*)

UCU – 6 employees
UNISON – 2 employees

Of the above, all 8 of these employees have spent 1-50% of their working hours on facility time. This can vary on a month by month basis depending on casework and/or college plans during that time. However, these hours would not go above the 50% mark.

During an academic year, UCU reps are allocated hours per individual. During this period UCU have spent 864 hours on facility time. These hours are used for anything Union related such as meetings, hearings, discussions etc. The hours set for remission are set at the beginning of the academic year and UCU ensure that they do not go beyond these hours.

Unison have spent 375 hours during this period plus 36 for Health and Safety. The hours used per month can vary throughout the year, therefore this may alter slightly as a year on year comparison. Again, these hours are used for anything Union related e.g. meetings, training, hearings or discussions.

The total percentage spent for paid trade union activities against the total pay bill amount equates to 0.11%. The total percentage of total paid facility time hours spent on paid Union activities equates to 10.04%.

GOING CONCERN

The college's assessment of going concern has been informed by financial forecasts prepared in support of 2023/24 pay award proposals, as part of a detailed college pay review that concluded in October 2023.

The financial analysis was based upon the financial plan to July 2025, as approved by the Corporation in July 2023, and updated to reflect key subsequent developments:

- Actual financial performance outturn for 2022/23.
- Additional ESFA 16-19 revenue grant funding for 2023/24 and 2024/25. This was confirmed and communicated to the college for 2023/24 in September 2023 and an estimate made for the ESFA's 2024/25 funding commitment.
- Pay review proposals, approved by Corporation in October 2023, principally incorporating the 2023/24 pay award recommendation to colleges made by the Association of Colleges (a 6.5% pay award for all staff) and also aligning the college's minimum pay with the Real Living Wage rate for 2023/24 (as announced by the Living Wage Foundation in October 2023).
- An assessment of student enrolment numbers for 2023/24, notably highlighting an increase in ESFA 16-19 students (from 3,512 funded students for 2023/24 based upon 2022/23 student enrolments, to over 3,800 students enrolled as of October 2023).

The financial assessment was made against the college's Strategic Goal of 'Strong, sustainable financial performance'. It modelled college income and expenditure for three years to 2025/26 and, in doing so, sought to be reasonable and prudent in identifying and taking account of potential risks and opportunities.

The college also expects to benefit from 2023/24 in-year growth funding rules announced subsequent to its financial modelling, based upon the increased number of 16-19 students enrolled in 2023/24.

Strategic Report (*continued*)

The Corporation, having considered the financial assessment, has a reasonable expectation that the college has adequate resources to continue in operational existence for the foreseeable future (being a period to the end of December 2024) and accordingly the going concern basis has been adopted in the preparation of these financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

Signed



Mr G Hetherington, Chair

Date

19 December 2023

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 (the "Relevant Period") up to the date of approval of the annual report and financial statements (the "Approval Date").

GOVERNANCE CODE

The College Corporation endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (the "Code"). Details of reviews of Governance are below on page 29.

The Corporation's People, Culture and Governance Committee ("PCG") maintains an ongoing review of compliance with the Code. It reported to the Corporation in October 2023, providing a high level of assurance in terms of Code compliance, the majority of elements having improved over the past twelve months, and the remainder having maintained their position. In discussion with PCG, the Corporation identified three mandatory elements that were not fully met during the Relevant Period:

- Good progress has been made towards adopting a formal financial strategy to underpin the three-year financial plan but this is still a work in progress.
- Due to difficulties recruiting and retaining Student Governors, the Corporation sought and obtained Charity Commission consent to pay Student Governors, in order to widen the pool of potential applicants. A new Student Governor was appointed in October 2023 and a second is now in post - but the positions stood vacant during the Relevant Period and Governors have used other means to access the student voice, including 'lived experience' case studies and speed networking sessions.
- During the Relevant Period, the Corporation oversaw the roll-out of a comprehensive suite of policies across the subcontracted and apprenticeship provision, the implementation of which is ongoing. The Corporation concluded that it did not yet have adequate assurance that the policies and procedures were fully implemented and embedded.

The following advisory recommendations in the Code were partially achieved:

1. Colleges should publicise to the communities they serve and other stakeholders, the coverage and timing of its reporting, and should offer opportunities to engage with the college on reports or other areas of concern;
2. The requirements of Principle 8 Environmental Sustainability, which the Corporation is working towards meeting.

Governors concluded that, subject as above, throughout the year ended 31 July 2023, all other mandatory and advisory elements were satisfied and many were exceeded.

Statement of Corporate Governance and Internal Control (continued)

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code, which it formally adopted on 1st August 2015. It adopted the revised version of the Code on 12 November 2021 and this is the first year of reporting against the revised Code.

THE CORPORATION

The Governing Body

The members who served on the Corporation (the governing body) during the Relevant Period and up to the Approval Date were as listed below:

Member	Date of Appointment	Current Term of Office Expires	Date of Resignation	Governor Category	Committees Served	% Board meeting attendance in 22-23	Overall attendance % in 22-23
Dr W Bailey	15.07.22	14.07.26		Independent	QPS	75%	68%
Mrs R Blackburn	07.07.23	06.07.27		Independent	QPS, CSC	N/A	N/A
Ms M Carabine	24.01.20	31.03.23	06.03.23	Independent	Audit	100%	75%
Ms C Catmull	12.11.21	11.11.25	17.11.23	Staff	QPS	0%	0%
Dr A Conn	6.10.17	31.03.25		Independent	Audit, PCG	100%	100%
Dr J Daniels	20.09.23	19.09.27		Independent	EDISG	N/A	N/A
Mrs C George	23.05.14	31.03.25		Independent	F&R, PCG, QPS, Safe, EDISG, CSC	100%	94%
Mr A Greaves	12.11.21	11.11.25		Staff		75%	75%
Mr D Harding	15.07.22	14.07.26		Independent	QPS, F&R, CSC	100%	100%
Mr G Hetherington	15.05.15	25.03.26		Independent	F&R, QPS, Safe, EDISG, PCG	75%	76%
Mr E Highfield	20.09.23	19.09.27		Independent	CSC	N/A	N/A
Ms F Hussain Butt	24.01.20	31.03.27		Independent	PCG	75%	75%
Mr F Parvez	25.03.22	24.03.27		Independent	Safe	75%	88%
Mr C Robinson	16.07.21	31.03.25		Independent	F&R, PCG	100%	92%
Mr J Robinson	21.11.23	20.11.27		Staff		N/A	N/A
Mr P Singh	07.06.21	N/A		Principal	F&R, QPS, EDISG, Safe, PCG	100%	97%
Ms HM Smith	23.10.23	22.10.24		Student		N/A	N/A
Mr M Varyani	16.03.18	31.03.26	31.03.23	Independent	F&R	100%	100%
Mr I Wainwright	01.12.20	31.03.24		Independent	Audit	100%	100%
Ms J Walters	16.07.21	31.03.25		Independent	Audit	100%	100%
Dr A Williams	08.07.16	31.03.24		Independent	Audit, PCG, QPS, Safe	100%	89%

CSC: Curriculum Strategy Committee; F&R: Finance & Resources Committee; QPS: Quality, Performance & Standards Committee; PCG: People, Culture & Governance Committee; Safe: Safeguarding Committee; EDISG: Equality, Diversity and Inclusion Strategic Group

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

The Governing Body (*continued*)

Mrs J Green acted as Clerk to the Governing Body

The following persons whilst not being full members of the Governing Body, served as co-opted Committee members:

Member	Date of Appointment	Term of Office Expires	Date of Resignation	Status of Appointment	Attendance 2022/23	Total Service to 31.7.23
Mr E Croston	01.09.18	31.03.26	19.05.23	Finance Committee	75%	4 years 11 months
Ms J Firth	02.10.23	01.10.27		CSC, Audit Committee	N/A	N/A
Mr D Milton	29.06.23	28.06.27		Finance Committee	100%	1 month
Mr M Pearmain	15.05.15	31.07.24		Audit Committee	100%	8 years

Expenses claimed from 1 August 2022 to 31 July 2023 by 3 Corporation Governors totalled £215 (£70 in 2021/22 from 2 Governors).

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

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 half-termly.

The Corporation conducts its business through a number of committees: Audit, Curriculum Strategy, Finance & Resources, Quality, Performance & Standards, People, Culture & Governance, and Safeguarding. Each has terms of reference which are reviewed and approved by the Corporation annually. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at the college's registered address or, alternatively, on the college's website: www.kirkleescollege.ac.uk.

In addition, the Corporation Chair, the Principal and the Director of Governance & Compliance frequently attend triumvirate meetings, known as 'CCP' meetings and Governors attend and/or are members of certain operational and strategic working and task & finish groups, specifically:

- Health & Safety Committee;
- Higher Education & Skills Committee; and
- Equality, Diversity & Inclusion Strategic Group.

The Director of Governance & Compliance maintains a register of financial and personal interests of the Governors. The register is available for inspection on request.

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

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

The governance framework (*continued*)

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

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

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Governing Body

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a People, Culture and Governance Committee; this has a membership of between five and eight members, a majority of whom are committee chairs. It is responsible for the selection and nomination of any new Independent Governor for the Corporation's consideration, as well as for advising the Corporation on its governance arrangements.

Members of the Corporation are appointed for a term of office not exceeding four years. On the expiry of their term of office, Governors are eligible for re-appointment, subject to a review of their performance. It is regarded as exceptional for any individual to serve more than two consecutive terms of office (or 8 years), unless subsequently undertaking a new and more senior role, for example as chair of a committee, or as chair or vice chair of the Corporation.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2023 and, having considered a range of assurance sources, graded itself as "Good" on the Ofsted scale.

In February 2022, the Corporation considered the findings of an external review of governance carried out by consultants from the Governance Forum between November 2021 and January 2022. This considered the overall effectiveness of governance, including the impact of board behaviours. Its recommendations were reported to a full meeting of the Corporation and informed an action plan to strengthen governance culture, policies and practices (available on the college website www.kirkleescollege.ac.uk). Another, more focused, external review conducted by boardroom advisor and trainer Fiona Chalk in the Autumn Term of 2022, looked at the interaction of the Corporation and its Clerk with a view to better leveraging the secretariat function for the benefit of the college.

Activities Undertaken to Develop Governors and the Clerk

All new Governors undertake induction training on joining the Corporation, which includes briefings from members of the senior leadership team. New Governors also attend online Association of Colleges Induction webinars. In November 2022, Governors received an internal training on safeguarding, which touched on the college local context as well as their duties under legislation. Members of the Audit sub-committee attended an Association of Colleges masterclass for college audit committees. Other Governor training included an introduction to trauma informed practice, Prevent training, and the FE Finance Virtual Masterclass with Andrew Tyley, while committee chairs attended committee chairs network meetings. Governors' full training record is available on request from the Director of Governance.

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

The Director of Governance is a qualified solicitor with over 15 years' experience of company secretarial work and providing charity law advice to the third sector, including eight years of clerking in the Further Education sector. During the Relevant Period, the Director of Governance attended the Association of Colleges Governance Professionals' Conference 2023, and completed the Education & Training Foundation's Governance Professionals' Development Programme - Expert Level, as well as the Leadership Academy programme, a bespoke leadership development programme for college managers provided by Pearlman Shaw Consultancy.

The Director of Governance regularly attends meetings of the Yorkshire & Humber Governance Professionals network and contributes to discussions in the FE Clerks Jiscmail forum.

The People Culture & Governance ("PCG") Committee

During the year ending 31 July 2023, the PCG Committee comprised:

- Dr A Conn;
- Mrs C George;
- Mr G Hetherington;
- Mr C Robinson;
- Dr A Williams; and
- Mrs F Hussain Butt.

The PCG Committee's broad responsibilities include monitoring senior post holder performance and making recommendations to the Corporation on the remuneration of the Accounting Officer and other senior post holders. While the Principal Mr P Singh and the Corporation Chair Mr G Hetherington are members of the People, Culture & Governance Committee, all and any discussions concerning senior post holder performance and pay are chaired by the Committee vice chair Dr A Conn and the Committee's terms of reference provide that the Principal may not in any circumstances count in quorum or vote during discussions regarding senior postholder remuneration and will under all circumstances leave the meeting before any discussion of his own remuneration or any staff matters concerning him. This is strictly observed by the Committee.

The Corporation adopted the Association of Colleges Senior Post Holder Remuneration Code on 12 July 2019 and, having had regard to the University of Chairs' Higher Education Senior Staff Remuneration Code, decided not to adopt it for the following reasons:

- a) The Code covers the same areas and requires the college leadership to implement similar assurance and compliance measures;
- b) Both the Code and the Higher Education Senior Staff Remuneration Code are designed to provide transparency and protect institutional and sector reputation by demonstrating stewardship and leadership in relation to remuneration within institutions;
- c) The Code has been designed to be more directly relevant to the circumstances of colleges; and
- d) The Code is also identified in the ESFA's accounts direction as suitable for adoption.

Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

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

Audit Committee

The Audit committee comprises four Governors (excluding the Accounting Officer, Chair and Staff Governors) and two co-opted members. During the Relevant Period it had four Governor members and one co-opted member; one Governor member has left the Committee and an additional co-opted member has been appointed.

The Audit Committee meets at least on a termly basis and provides a forum for reporting by the college's internal auditors, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies 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 both audit and non-audit work as well as reporting annually to the Corporation.

The Audit sub-committee met four times in the year to 31 July 2023. The members of the Committee and their attendance records are shown below:

Committee member	Meetings attended/possible attendances
Ms M Carabine	1 / 2
Dr A Conn	4 / 4
Mr M Pearmain	4 / 4
Mr I Wainwright	4 / 4
Ms J Walters	4 / 4

Finance & Resources Committee

The Finance & Resources Committee comprises between five and eight members of whom one is the college Principal, as well as one co-opted member with relevant experience.

The Committee's purpose is to determine and advise the Governing Body on all financial matters, in particular matters of budget monitoring and setting and recommendations for capital investment; as well as on financial strategy, the estate strategy, and sustainability.

The Finance & Resources Committee meets at least once each term and as required.

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

Quality, Performance and Standards Committee

The Quality, Performance & Standards sub-committee comprises at least five members and no more than 50% of Governors from time to time, one being the college Principal. During the Relevant Period, there was also one co-opted member with relevant experience.

The Committee's purpose is to have oversight of and monitor strategic objectives related to quality performance and standards, to advise the Corporation on the setting of student targets, and to monitor on behalf of the Corporation the college's quality and the contribution and impact of student and other support functions on the learner experience.

Safeguarding Committee

The Safeguarding Committee comprises three to five members. It meets once a term, with the object of supporting the nominated Link Governor for Safeguarding in providing assurance to the Corporation on compliance with safeguarding legislation and guidance.

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, not absolute, assurance against material misstatement or loss.

The Corporation has delegated to the Principal, as Accounting Officer, the day-to-day responsibility for maintaining a sound system of internal control that supports the achievement of the college's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the college and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

Following the reclassification to the central government sector with effect from 29 November 2022 Financial Regulations and other procedures and processes have been updated to identify transactions for which DfE approval is required.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Kirklees College for the year ended 31 July 2023 and up to the date of approval of the annual report and financial statements.

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

Capacity to Handle Risk

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

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, 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 Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Kirklees College has an internal audit service which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. The internal audit service regularly provides the Audit Committee with progress reports on internal audit activity in the college. The reports include the internal audit service's independent opinion on the adequacy and effectiveness of the college's system of risk management, controls and governance processes.

In addition to the report produced by the internal auditors, the Audit Committee also produces for the Corporation an annual audit report. The purpose of this report is to advise the Corporation on the Committee's views on the adequacy of the college's systems and arrangements for risk management and governance processes.

Risks faced by the Corporation

The following key principles outline the college's approach to risk management and control:

- The Corporation has responsibility for overseeing risk management within the college as a whole;
- An open and receptive approach to solving risk problems is adopted by the SLT and Corporation;
- The Principal and the Senior Leadership Team propose, support and implement policies approved by the Corporation;
- The college makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks;
- Senior and middle managers are responsible for encouraging good risk management practice within their designated areas.

Statement of Corporate Governance and Internal Control (continued)

Risks faced by the Corporation (continued)

The college's risk management framework is discharged through the College Strategic Risk Register, which is owned and monitored by the Risk Management Group (Senior Leadership Team). It is developed in collaboration with the Governors and college managers based on the College's Strategic Plan and includes key risks to the achievement of its strategic aims.

Each college risk has a risk 'owner' who is responsible for the evaluation of the risk, the controls in place to manage the risk and the actions required to bring the risk level to the target level. These assessments are subject to scrutiny and challenge by the Risk Management Group, before being presented to audit committee for further scrutiny and challenge. The corporation receives a summary of the position on a termly basis.

The college has identified and evaluated 29 risks. Those scoring a high level of residual risk (in excess of a score of 10) have been disclosed in the strategic report on page 18.

Internal Audit

The internal audit service opinion for 2022/23 was:

"TIAA is satisfied that, for the areas reviewed during the year, Kirklees College has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Kirklees College from its various sources of assurance."

The internal audit service undertook four internal audits during the year. They were:

Business Planning – Performance Monitoring Key Financial Controls – Creditor Payments and Payroll Student Personal Development Student Progression and Destination No urgent internal control weaknesses were identified. Five important recommendations were made and progress against these will be reported to each Audit Committee meeting until they are discharged.

None of these audits resulted in a limited assurance opinion. The Business Planning audit resulted in a 'substantial assurance' opinion and the Key Financial Controls, Student Personal Development and Student Progression and Destination audits resulted in 'reasonable assurance' opinions.

Responsibilities under funding agreement

The Corporation keeps under review compliance with ESFA and other grant funding agreements and contracts ensuring that funding is used for the purposes given or generated. The Corporation also receives reports on specific conditions of grants such as the FE Capital grant. The Corporation ensures that the college makes key returns to the ESFA accurately and on time.

The corporation believes its obligations have been fully discharged during 2022/23. This has been monitored through the framework of established reporting to the corporation and/or its sub-committees and through the establishment and implementation of robust financial regulations.

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. The college has reviewed its policies, procedures and approval processes in line with these new requirements.

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

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 2022/23 and up to the date of the approval of the financial statements were:

- Consideration of Internal Audit service plan and reports;
- Consideration of External financial statements plan and reports, including supporting papers;
- Consideration of External subcontract audit report;
- Regular monitoring of progress against audit report recommendations, including in depth review of progress against recommendations in 'limited assurance' internal audit reports;
- Oversight and challenge of management assessment of risk in the strategic risk register;
- Consideration of recommended changes to the Whistleblowing framework;
- Self-assessment of committee performance.

All the planned work had been carried out and completed in line with the original plan with the exception of an assessment of the college's ICT Cyber Maturity, which the internal auditors were unable to complete in 2022/23. The ICT Cyber Maturity audit was undertaken in November 2023.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His 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; and
- Comments made by the college's financial statements and regularity auditors in their management letters and other reports.

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

The Senior 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 Directorates and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2023.

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

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

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

Signed



Mr G Hetherington, Chair

Signed



Mr P Singh, Accounting Officer

Statement on the College Regularity, Propriety and Compliance

As accounting officer I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

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

Signed



Mr P Singh, Accounting officer

Date

19th December 2023

Statement of the chair of governors

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

Signed



Mr G Hetherington, Chair of governors

Date

19th December 2023

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, OfS and West Yorkshire Combined Authority, 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, Accounts Direction issued by the Office for Students and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the corporation is required to:

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

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

Signed

Mr G Hetherington Chair



Independent auditor's report to the Corporation of Kirklees College

Opinion

We have audited the financial statements of Kirklees College (the "College") for the year ended 31 July 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditor's report to the Corporation of Kirklees College (continued)

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 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 financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Kirklees College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 35 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the Corporation of Kirklees College (continued)

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 audit engagement team:

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

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

Independent auditor's report to the Corporation of Kirklees College (continued)

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

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

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 10 May 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
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

20 December 2023

Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
INCOME			
Funding body grants	2	40,266	38,483
Tuition fees and education contracts	3	3,894	4,476
Other grants and contracts	4	236	318
Other income	5	1,917	1,623
Investment Income	6	1	1
Donations	7	-	150
Total income		46,314	45,051
EXPENDITURE			
Staff costs	8	27,997	29,471
Other operating expenses	9	13,012	12,040
Depreciation	12	4,657	4,513
Interest and other finance costs	10	882	1,493
Total expenditure		46,548	47,517
(Deficit) before other gains and losses and tax		(234)	(2,466)
Profit on disposal of assets		-	-
(Deficit) before taxation		(234)	(2,466)
Taxation		-	-
(Deficit) for the year		(234)	(2,466)
Re-measurement of net defined benefit pension scheme	22	5,366	40,739
Other comprehensive income for the year		5,366	40,739
Total Comprehensive Income for the year and attributable to the corporation		5,132	38,273

All activities are continuing activities.

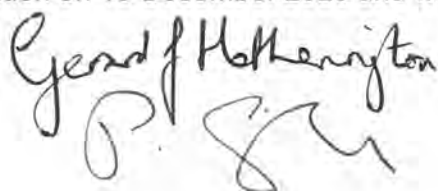
The accompanying notes and accounting policies on pages 47 to 73 form an integral part of these financial statements.

Balance Sheet as at 31 July

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	12	92,661	94,264
Investments	13	39	41
		92,700	94,305
Current assets			
Stocks		16	15
Trade and other receivables	14	5,090	2,431
Cash at bank and in hand	19	13,422	10,272
		18,528	12,718
Less: Creditors – amounts falling due within one year	15	(15,088)	(10,137)
Net current assets		3,440	2,581
Total assets less current liabilities		96,140	96,886
Less: Creditors – amounts falling due after more than one year	16	(64,760)	(66,226)
Provisions for liabilities			
Defined benefit pension scheme	22	-	(4,222)
Other provisions	18	(1,234)	(1,424)
Total net assets		30,146	25,014
Reserves			
Unrestricted reserves			
Income and expenditure reserve		30,093	24,958
Total unrestricted reserves and attributable to the Corporation		30,093	24,958
Restricted reserve		53	56
Total reserves		30,146	25,014

The accompanying notes and accounting policies on pages 47 to 73 form an integral part of these financial statements.

The financial statements on pages 43 to 73 were approved and authorised for issue by the Corporation on 19 December 2023 and were signed on its behalf on that date by:



Mr. G Hetherington, Chair

Mr P Singh, Accounting Officer

Statement of Changes in Reserves

	Income and Expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2021 as restated	(13,313)	54	(13,259)
Deficit from the income and expenditure account	(2,468)	2	(2,466)
Other comprehensive income	40,739	-	40,739
Balance at 31 July 2022	24,958	56	25,014
Deficit from the income and expenditure account	(231)	(3)	(234)
Other comprehensive income	5,366	-	5,366
Balance at 31 July 2023	30,093	53	30,146

The accompanying notes and accounting policies on pages 47 to 73 form an integral part of these financial statements.

Statement of Cash Flows

	Note	2023 £'000	2022 £'000
Cash inflow from operating activities			
Deficit for the year		(234)	(2,466)
Adjustment for non-cash items			
Depreciation	12	4,657	4,513
Decrease in stocks		(1)	17
(Increase) in debtors		(2,659)	(1,219)
Actuarial movement on Enhanced Pension Provision		(96)	(175)
Increase in creditors due within one year		4,966	242
(Decrease) in creditors due after one year		(590)	(2,049)
Decrease in provisions		(94)	(111)
Pension costs less contributions payable	22	1,144	4,197
Donations	7	-	(150)
Unrealised investment loss/(gain)		2	(2)
Adjustment for investing or financing activities			
Interest payable		769	816
Interest receivable		(1)	(1)
Net cash flow from operating activities		7,863	3,612
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Payments to acquire fixed assets	12	(3,054)	(1,141)
		(3,054)	(1,141)
Cash flows from financing activities			
Interest paid		(827)	(873)
Interest received		1	1
Repayments of amounts borrowed		(833)	(1,292)
		(1,659)	(2,164)
Increase in cash and cash equivalents in the year		3,150	307
Cash and cash equivalents at the beginning of the year	19	10,272	9,965
Cash and cash equivalents at the end of the year	19	13,422	10,272

The accompanying notes and accounting policies on pages 47 to 73 form an integral part of these financial statements.

Notes to the Financial Statements

1a Statement of accounting policies

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

Basis of preparation including going concern assumption

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 F&HE SORP), the College Accounts Direction for 2022 to 2023, Regulatory Advice 9: Accounts Direction issued by the Office for Students and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

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

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 Report. The financial position of the college, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The college's assessment of going concern has been informed by financial forecasts prepared in support of 2023/24 pay award proposals, as part of a detailed college pay review that concluded in October 2023.

The financial analysis was based upon the financial plan to July 2025, as approved by the Corporation in July 2023, and updated to reflect key subsequent developments:

- Actual financial performance outturn for 2022/23.
- Additional ESFA 16-19 revenue grant funding for 2023/24 and 2024/25.
- Pay review proposals, approved by Corporation in October 2023.
- An assessment of increased student enrolment numbers for 2023/24.

The financial assessment was made against the college's strategic goal of 'Strong, sustainable financial performance'. It modelled college income and expenditure for three years to 2025/26 and, in doing so, sought to be reasonable and prudent in identifying and taking account of potential risks and opportunities.

The college also expects to benefit from 2023/24 in-year growth funding rules announced subsequent to its financial modelling, based upon the increased number of 16-19 students enrolled in 2023/24.

The Corporation, having considered the financial assessment, has a reasonable expectation that the college has adequate resources to continue in operational existence for the foreseeable future (being a period to the end of December 2024) and accordingly the going concern basis has been adopted in the preparation of these financial statements.

Notes (continued)

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accruals method as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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.

The Restructuring Fund grant was recognised in the 2018/19 financial statements when the initial performance conditions were met. An element of the grant could be repayable, with the identification of any overperformance being subject to a number of adjustments. The total maximum repayable under the terms of the agreement is £1.3m, for which full provision has been made in these accounts, relating to the period to July 2023.

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 for buildings and equipment 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. Government capital grants for land and other capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee Income

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

Donations

Income from donations is recognised as follows:

- Land and buildings is recognised at market value as assessed by an independent valuer.
- New equipment is recognised at the new retail price (net) or the value of the supply.
- Used equipment is recognised at the book value on transfer.
- Where equipment has been provided at a material discount as part of a contribution to a project, the amount of discount received (net) is treated as a donation.

All other income and 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.

Notes (continued)

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

West Yorkshire Local Government Pension Scheme (LGPS)

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs. Re-measurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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

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

Notes (continued)

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the college's income 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

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the F&HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- New and acquired buildings 50 years
- Refurbishments 10 years

Where part of a fixed asset has different useful lives, they are accounted for as separate items of fixed assets. This includes mechanical and electrical equipment purchased as part of a new build programme. These assets are depreciated over 10 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the Statement of Comprehensive Income over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Finance costs that are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the college followed the transitional provision to retain the book value of land and buildings, which were revalued in 2013 as deemed cost 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.

Notes (continued)

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive 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.

Donation of tangible fixed assets

Where donated goods are a tangible fixed asset, it is measured at fair value.

The gain is recognised as income in the statement of comprehensive income and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the college accounting policies.

Equipment

Equipment costing less than £1,000 per individual item (excluding IT equipment purchased in bulk) is written off to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated on a straight line basis over its useful economic life as follows:

Motor vehicles and general equipment	-	15% per annum
Computer equipment	-	33⅓ % per annum

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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. All impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Financial Instruments

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

Notes (continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the college becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention is to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Borrowing costs

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

Financial Instruments

Investments

Listed investments held as non-current assets and current asset investments, are stated at fair value, with movements recognised in Comprehensive Income.

Inventories

Inventories are stated at the lower of their cost and net realisable value. 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.

Notes (continued)

Taxation

The college is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation tax purposes. Accordingly, the college is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The college is partially exempt in respect of Value Added Tax, so that it can only recover typically less than 1% of the 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.

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.

Agency arrangements

The college acts as an agent in the collection and payment of learner support funds, bursary funds and employer apprenticeship incentives. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure of the college where the college is exposed to minimal economic benefit related to the transaction.

Income and expenditure related to subcontracted activity is reflected gross in the financial statements on the basis that it controls this activity and bears a significant element of the related risk.

Restricted reserves

The college administers a number of small trust funds that have been established for the benefit of the students of the college. The assets of the funds are held in cash and investments on the college balance sheet with the corresponding liability being held in restricted reserves.

Notes (continued)

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

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

Judgements:

- Determine whether leases entered into by the college either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The college signed a 125 year lease at a peppercorn rent with Kirklees Council for Pioneer House in Dewsbury in June 2019 and refurbished the building throughout 2019/20 and 2020/21. Management have determined that there is 'right to use' asset that should be recorded in the financial statements to reflect the benefit to the college of holding this lease.
- Determining the existence of a minimum funding requirement for the Local Government Pension Scheme to including in the asset ceiling in measuring and recognising a surplus in the scheme. This judgement is based on an assessment of the nature of the scheme as a statutory scheme and is the inherent implied continuance and the operation of the primary and secondary contributions.

Estimation Uncertainties

- Tangible fixed assets 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.
- The present value of the Local Government Pension Scheme defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions obligation at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- The fair value of the LEP overage obligation held on the balance sheet as a 'loan' has been determined based on a discount rate from the actual cost of a commercial loan in 2014. Given that the Bank of England base rate did not change between 2014 and 2016 when the LEP grant was received, it is considered to be a reasonable estimate of what a commercial loan would have cost if drawn at that time.

The Members of the Corporation have assessed the fair value of this right to use asset based on independent expert advice and this fair value represents a conservative assessment based on the range of values and the options available.

Notes (continued)

2 Funding council grants

	2023 £'000	2022 £'000
Recurrent Grants		
Education and Skills Funding Agency 16-18	19,357	18,859
Education and Skills Funding Agency 16-18 high needs	3,000	3,000
Education and Skills Funding Agency – Adults	326	148
Education and Skills Funding Agency – Apprenticeships	5,421	5,218
Education and Skills Funding Agency – Other	50	179
West Yorkshire Combined Authority - Adults	8,357	7,001
West Yorkshire Combined Authority – National Skills Offer	150	102
Office for Students	74	127
Specific Grants		
Education and Skills Funding Agency – Teacher Pension Scheme Grant	761	642
Education and Skills Funding Agency – Capacity Funds	265	304
Education and Skills Funding Agency – Tuition Fund	586	1,081
Education and Skills Funding Agency – Covid support	-	23
Education and Skills Funding Agency – Other	40	15
Releases of government capital grants	1,879	1,784
Total	40,266	38,483
Total Grant and Fee Income		
	2023 £'000	2022 £'000
Grant income from Office for Students	74	137
Grant income from other bodies	39,569	38,346
Fee income for taught awards	3,894	4,476
Total grant and fee income	43,537	42,959

Notes (continued)

3 Tuition Fees and Education Contracts

	2023 £'000	2022 £'000
Adult education fees	566	688
Apprenticeship fees and contracts	97	94
Fees for FE loan supported courses	437	543
Fees for HE loan supported courses	385	454
Total tuition fees	1,485	1,779
Education contracts	2,409	2,697
Total	3,894	4,476

4 Other grants and contracts

	2023 £'000	2022 £'000
Other grants and contracts	236	318
Total	236	318

5 Other income

	2023 £'000	2022 £'000
Catering and residences	763	597
Non-government capital grants	634	630
Miscellaneous income	520	396
	<u>1,917</u>	<u>1,623</u>

6 Investment income

	2023 £'000	2022 £'000
Interest receivable	1	1
	<u>1</u>	<u>1</u>

7 Donations

	2023 £'000	2022 £'000
Donations	-	150
	<u>-</u>	<u>150</u>

Fixed asset additions during 2021/22 included land and buildings transferred to college ownership as a donation from Kirklees Council with a fair value of £150,000.

Notes (continued)

8 Staff costs and Key Management Personnel remuneration

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

	2023 No.	2022 No.
Teaching staff	337	357
Non-teaching staff	582	494
	919	851

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	21,055	20,347
Social security costs	1,784	1,766
Other pension costs	5,105	7,241
Subtotal staff costs	27,944	29,354
Contractual restructuring costs	24	94
Non-contractual restructuring costs	29	23
	27,997	29,471

The college paid 4 severance payments in the year, disclosed in the following bands:

0- £25,000	3
£25,0001 - £50,000	1
£50,001 - £100,000	-
£100,001 - £150,000	-
£150,000+	-

Included in staff restructuring costs are special severance payments totalling £28,791 (2022-£22,599). Individually, the payments were: £941, £1,285, £7,120 and £19,445.

Notes (continued)

8 Staff costs and Key Management Personnel remuneration (continued)

Key management personnel compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the College Senior Management Team which comprised of the Principal and Chief Executive, Vice Principal Finance and Resources, Vice Principal Curriculum and Innovation, Vice Principal Corporate Operations, Executive Director of Finance, Executive Director of Business Systems, Executive Director of Human Resources and Organisational Development, Assistant Principal Quality and Student Experience, Assistant Principal Curriculum and Performance, Assistant Principal Safeguarding and Inclusion, Director of External Relations and Apprenticeships and Director of Estates and Facilities.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting officer was:	12	11

The above numbers include two members of key management personnel who left the college in 2022/23 and were replaced in year. Both the leavers and their replacements are included in the numbers above.

Notes (continued)

8 Staff costs and Key Management Personnel remuneration (continued)

The number of staff who received annualised emoluments, excluding pension contributions and employers national insurance but including benefits in kind, in the following ranges was:

	Key management personnel	
	2023 No.	2022 No.
£60,001 to £65,000	-	3
£65,001 to £70,000	3	1
£70,001 to £75,000	1	-
£75,001 to £80,000	3	2
£80,001 to £85,000	1	-
£85,001 to £90,000	1	2
£90,001 to £95,000	-	1
£140,001 to £145,000	1	1
£145,001 to £150,000	-	-
	10	10

No other staff received emoluments excluding pension contributions but including benefits in kind in excess of £60,000 during the year.

Key management personnel emoluments are made up as follows:

	2023 £'000	2022 £'000
Salaries gross of salary sacrifice	876	840
Employers National Insurance	111	106
Benefits in kind	1	1
	988	947
Pension contributions	182	174
Total key management personnel emoluments	1,170	1,121

Notes (continued)

8 Staff costs and Key Management Personnel remuneration (continued)

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

	2023	2022
	£000's	£000's
Salaries	143	140
Benefits in Kind	1	1
	144	141
Pension Contributions	34	33
Total emoluments		
	178	174

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019. It has assessed pay in line with its principles and will continue to do so in future.

The remuneration package of Senior Post Holders, including the Principal and Chief Executive, is subject to annual review by the Executive Employment Committee of the governing body who use benchmarking information to provide objective guidance.

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

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

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2023	2022
Principal's basic salary as a multiple of the median of all staff	5.8	5.9*
Principal's total remuneration as a multiple of the median of all staff	5.8	5.9*

*The comparative has been amended to ensure consistency in calculation method between years.

Agency workers have been excluded from the calculation of the pay multiple.

Compensation for loss of office paid to former key management personnel

	2023	2022
	£	£
Compensation paid to the former post-holder	29,531	-
Estimated value of other benefits, including provisions for pension benefits	-	-

Notes (continued)

8 Staff costs and Key Management Personnel remuneration (*continued*)

All severance payments were approved by the college management team in line with college policy.

The total expenses paid to or on behalf of the Governors during the year was £215, 3 governors (2021/22 £70, 2 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 during the year.

9 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	4,764	4,802
Non-teaching costs	5,029	4,367
Premises costs	3,219	2,871
Total	13,012	12,040

Deficit before taxation is stated after charging:

Auditors' remuneration:

Financial statements audit (excluding VAT)	72	49
Other services provided by the financial statements auditors	8	1
Internal audit (excluding VAT)	8	9
Hire of land and buildings under operating leases	-	8
Repayment of Restructuring Fund grant	617	683

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

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payments	-	-	-
Write off and losses	100,938	5,421 5,200 5,995	Unable to pursue Unable to pursue Unable to pursue
Guarantees, letters of comfort and indemnities	-	-	-

No ex-gratia payments were made.

The total value written off during the year was £100,938 and relates to previously provided for bad debts such as tuition fees, exam fees or library books. The majority are small in nature however they included three debts over £5,000, which have been notified to the Finance Committee.

Notes (continued)

10 Interest payable

	2023 £'000	2022 £'000
On loans and overdrafts:	769	816
	<u>769</u>	<u>816</u>
Pension finance costs (note 22)	113	677
	<u>113</u>	<u>677</u>
Total	<u>882</u>	<u>1,493</u>

11 Taxation

The Members do not believe the college was liable for any corporation tax arising out of its activities during either period.

12 Tangible fixed assets

	Land and buildings		Equipment	Total
	Freehold £000	Long Leasehold £000	£000	£000
Cost or valuation				
At 1 August 2022	105,948	8,000	11,974	125,922
Additions	1,741	-	1,313	3,054
Disposals	-	-	(5,218)	(5,218)
At 31 July 2023	<u>107,689</u>	<u>8,000</u>	<u>8,069</u>	<u>123,758</u>
Depreciation				
At 1 August 2022	21,543	366	9,749	31,658
Charge for year	3,002	371	1,284	4,657
Elimination in disposals	-	-	(5,218)	(5,218)
At 31 July 2023	<u>24,545</u>	<u>737</u>	<u>5,815</u>	<u>31,097</u>
Carrying amount at 31 July 2023	<u>83,144</u>	<u>7,263</u>	<u>2,254</u>	<u>92,661</u>
Carrying amount at 31 July 2022	<u>84,405</u>	<u>7,634</u>	<u>2,225</u>	<u>94,264</u>

Notes (continued)

13 Investments

	2023 £'000	2022 £'000
Listed Investments	39	41
	<u>39</u>	<u>41</u>

The investments are stated at fair value as at 31st July.

14 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Trade receivables	1,346	1,280
Other debtors	65	111
Prepayments and accrued income	925	491
Amounts owed by the Education and Skills Funding Agency	2,754	549
	<u>5,090</u>	<u>2,431</u>
Total	5,090	2,431

15 Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Local authority loans	876	833
Trade payables	497	396
Other taxation and social security	431	434
Other creditors	2,392	1,793
Accruals and deferred income	8,680	4,004
Government capital grants	1,992	2,368
Government revenue grants	220	309
	<u>15,088</u>	<u>10,137</u>
Total	15,088	10,137

Notes (continued)

16 Creditors: Amounts falling after one year

	2023 £'000	2022 £'000
Local authority loans	14,776	15,652
LEP overage liability	1,265	1,209
Other creditors	250	271
Government capital grants	48,469	49,094
Total	64,760	66,226

The LEP overage liability is the present value of a sum of £1.4m repayable to the LEP in 2026, being the difference between the grant intervention rate received on the Process Manufacturing Centre in 2016 and the final grant to be recognised against the project. In line with the accounting requirements of FRS102 'basic' financial instruments, the discount rate of 4.56% applied is one considered to be reflective of commercial market rate at the time the grant was received.

17 Debt

Local Authority and LEP overage liability

Local Authority loans and overage obligations are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	876	833
Between one and two years	920	876
Between two and five years	4,321	4,115
In five years or more	10,800	11,870
Total	16,917	17,694

The Local Authority loan is a fixed rate 25 year term loan with an outstanding principal sum at 31 July 2023 of £15,651,735 at 5.08%. The carrying value of secured assets at 31 July 2023 is £83.0m.

Notes (continued)

18 Provisions for liabilities and charges

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2022	4,222	1,424	5,646
Utilised in the period	(2,026)	(141)	(2,167)
Reversed in the year	(2,196)	(49)	(2,245)
At 31 July 2023	-	1,234	1,234

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in Note 22.

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

The principal assumptions for this calculation are:

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

19 Cash and cash equivalents

	At 1 August 2022 £'000	Cash Flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	10,272	3,150	-	13,422
Total	10,272	3,150	-	13,422

Notes (continued)

20 Reconciliation of Net Debt

	At 1 August 2022 £'000	Cash Flows £'000	Non- cash changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	10,272	3,150	-	13,422
Borrowings: secured loans due under one year	(833)	(43)		(876)
Borrowings: secured loans due over one year	(16,861)	876	(56)	(16,041)
Total	(7,422)	3,983	(56)	(3,495)

21 Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	29	-

Notes (continued)

22 Defined benefit obligations

The college's employees belong to two principal post employment benefit plans, the Teachers' Pension Scheme (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	2,097	2,003
Local Government Pension Scheme:		
Contributions paid (including enhancements on redundancy)	2,026	1,863
FRS 102 (28) charge	<u>1,031</u>	<u>3,520</u>
	3,057	5,383
Charge to the Statement of Comprehensive Income	5,154	7,386
Enhanced pension credit to Statement of Comprehensive Income	(49)	(145)
Total Pension Cost for Year	<u>5,105</u>	<u>7,241</u>

Contributions amounting to £454,555 (2022 £440,530) were payable to the schemes at 31 July and are included within creditors.

Notes (continued)

22 Defined benefit obligations (continued)

Teachers' Pension Scheme

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

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

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

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

Valuation of the Teachers' Pension Scheme

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the year amounted to £2,096,691 (2022: £2,002,915).

Notes (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the West Yorkshire Pension Fund. The total contribution made for the year ended 31 July 2023 was £2,686,219 of which employees contributions deducted through payroll totalled £660,710 and employer's contributions totalled £2,025,509. The employer contribution rate is 19.1% for the two years ending March 2025 and 19.2% for the year ending March 2026. Contribution rates after that time are not known. Employee contributions range from 5.5% to 12.5% depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.85%	3.85%
Future pensions increases	2.60%	2.60%
Discount rate for scheme liabilities	5.00%	3.50%
Inflation assumption (CPI - base)	2.60%	2.60%
Inflation assumption (CPI – additional experience)	-	4.90%
Commutation of pensions to lump sums	75%	75%

Notes (continued)

22 Defined benefit obligations (continued)

Mortality Assumptions

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	21.0	21.8
Females	24.1	24.6
<i>Retiring in 20 years</i>		
Males	22.2	22.5
Females	25.1	25.7

Asset Allocation

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equities	70,613	68,430
Property	2,909	3,452
Government Bonds	6,524	5,954
Corporate Bonds	3,967	3,711
Cash	3,438	3,452
Other	705	1,294
Total	88,156	86,293
	£'000	£'000
Actual return on plan assets	2,064	3,175

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

	2023 £'000	2022 £'000
Fair value of plan assets	88,156	86,293
Present value of defined benefit obligations	(75,872)	(90,515)
Net asset/(liability)	12,284	(4,222)
Restriction to level of asset ceiling	(12,284)	-
Net asset recognised in the balance sheet	-	(4,222)

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

Notes (continued)

22 Defined benefit obligations (continued)

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	3,053	5,342
Past service cost	4	41
Total	3,057	5,383
	2023 £'000	2022 £'000
Amounts included in interest and finance costs		
Net interest charge	113	677
	2023 £'000	2022 £'000
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(953)	1,761
Experience gains arising on defined benefit obligations	18,603	38,978
Restriction to level of asset ceiling	(12,284)	-
Amount recognised in Other Comprehensive Income	5,366	40,739
	2023 £'000	2022 £'000
Movement in net defined benefit liability during the year		
Deficit in scheme at 1 August	(4,222)	(40,764)
Movement in year:		
Current service cost	(3,053)	(5,342)
Past service cost	(4)	(41)
Curtailment cost	-	-
Employer contributions	2,026	1,863
Net interest on the defined liability	(113)	(677)
Actuarial gain/(loss)	17,650	40,739
Net defined benefit asset/(liability) at 31 July	12,284	(4,222)

Notes (continued)

22 Defined benefit obligations (continued)

	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	90,515	123,903
Current service cost	3,053	5,342
Past service cost	4	41
Curtailment cost	-	-
Interest cost	3,130	2,091
Contributions by Scheme participants	659	622
Actuarial gain	(18,603)	(38,978)
Estimated benefits paid	(2,886)	(2,506)
Defined benefit obligations at end of period	75,872	90,515
Reconciliation of Assets		
	2023 £'000	2022 £'000
Fair value of plan assets at start of period	86,293	83,139
Interest income	3,017	1,414
Return on plan assets (excluding net interest on the net defined benefit liability)		
Actuarial gain	(953)	1,761
Employer contributions	2,026	1,863
Contributions by Scheme participants	659	622
Estimated benefits paid	(2,886)	(2,506)
Assets at end of period	88,156	86,293

23 Related Party Transactions

Kirklees College is one of seven equal college partners in the West Yorkshire College's Consortium. Income of £204,193 has been reflected in these financial statements for investment in green skills from the Consortium through the Strategic Development Fund.

Key management compensation disclosure is given in note 8.

Notes (continued)

24 Access and Participation

	2023 £'000	2022 £'000
Access Investment	222	222
Financial Support	7	14
Disability Support	-	-
Research and Evaluation	-	-
Total	<u>229</u>	<u>236</u>

The College Access and Participation plan can be found on the college website under policies and reports.

The sum disclosed for Access Investment includes £91,649 (2021/22 £92,872) which is included within staff costs disclosed at Note 8 of these financial statements.

Independent reporting accountant's report on regularity to the corporation of Kirklees College and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA')

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 10 May 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 Kirklees College during the period 1 July 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 July 2022 to 31 August 2023 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

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

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

Responsibilities of Corporation of Kirklees College for regularity

The Corporation of Kirklees College 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 Kirklees College 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

Independent reporting accountant's report on regularity to the corporation of Kirklees College and Secretary of State for Education acting through Education and Skills Funding Agency ('ESFA') (continued)

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

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

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

Use of our report

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

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20 December 2023