

# **Lakes College**

## **Report and Financial Statements**

**for the year ended 31 July 2023**  
**[www.lcwc.ac.uk](http://www.lcwc.ac.uk)**

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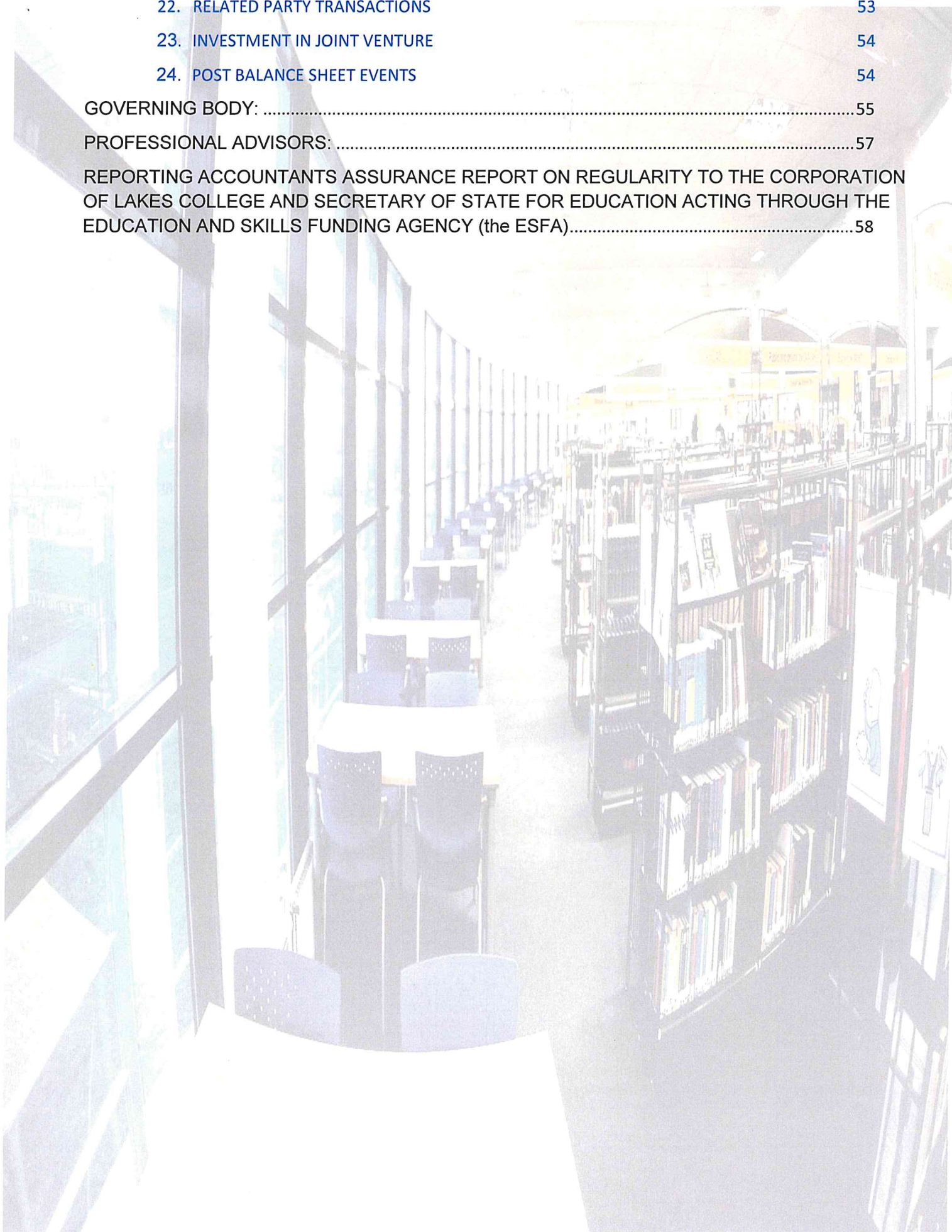


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## FINANCIAL HIGHLIGHTS

### Consolidated Statement of Comprehensive Income

	2022-23		2021-22	
	£000'S	%	£000'S	%
<b>Income</b>				
Funding Body Grants	12,920	85%	11,239	83%
Education Contracts	712	5%	787	6%
Tuition Fees and Charges	671	4%	786	6%
Other Operating Income	899	5%	715	5%
Investment Income	52	1%	5	-%
	<b>15,254</b>	<b>100%</b>	<b>13,532</b>	<b>100</b>
<b>Expenditure</b>				
Staff Costs	10,784	62%	8,951	64%
Other Operating Expenses	5,179	30%	3,856	27%
Depreciation	1,284	8%	1,111	8%
Interest Payable	57	-	132	1%
	<b>17,304</b>	<b>100%</b>	<b>14,050</b>	<b>100</b>
<b>(Deficit)</b>	<b>(2,050)</b>		<b>(518)</b>	

### Consolidated Balance Sheet

	2022-23	2021-22
	£000s	£000s
Non-Current Assets	28,376	25,948
Investment in Joint Venture	-	-
Current Assets	4,038	5,409
Current Liabilities	(4,013)	(3,746)
Net Current Assets	25	1,663
	28,401	27,611
Creditors due after 1 year	22,724	21,830
Provisions	236	275
<b>Total Net Assets</b>	<b>5,441</b>	<b>5,506</b>
<b>Restricted reserves</b>		
Revaluation reserve	377	377
Designated reserve	175	150
<b>Non-restricted reserves</b>		
Income & Expenditure	4,889	4,979
	<b>5,441</b>	<b>5,506</b>

## **STRATEGIC REPORT**

### **NATURE, OBJECTIVES AND STRATEGIES**

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

#### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 and is an exempt charity for the purposes of Part 3 of the Charities Act 2011, regulated by the Secretary of State for Education. The members of the Governing body, who are trustees of the charity, are disclosed on pages 55-56.

The Corporation was incorporated on 1<sup>st</sup> April 1993 as West Cumbria College. On 8 August 2001, the Secretary of State granted consent to the Corporation to change the College's name to Lakes College West Cumbria.

#### **Mission**

Lakes College has a vision to be an ambitious technical college that enhances the prosperity and prospects of our people and communities.

Our mission and purpose is to enable people to recognise, develop and fulfil their potential.

In delivering its mission, the College provides identifiable public benefits through the advancement of education by providing high quality teaching, widening participation and tackling social exclusion, prioritising student achievement and employment outcomes to meet the skills requirements of employers, primarily in West Cumbria. The College is committed to finding suitable courses for as many students as possible, regardless of their educational background, to support them to succeed.

The College strives to serve its local and national community by working in collaboration with key stakeholders, supporting the strategic priorities of the Cumbria Local Enterprise Partnership (CLEP), and working with employers to meet the skills needs of West Cumbria. This is exemplified in our position as a founding member of the National College for Nuclear (NCfN) in partnership with Sellafield Ltd, University of Cumbria, EDF Energy, Bridgwater and Taunton College and the University of Bristol. The NCfN places the College at the centre of national nuclear skills development. The Northern Hub commenced operations in September 2017 with Level 3 full-time and part-time learners and extended to HE provision in January 2018. The NCfN now offers a wide range of higher apprenticeships up to full honours degrees which can secure professional chartership.

All four Cumbria FE Colleges continue to work collaboratively to support the County's skills needs, the Edge ESF contract historically being the primary vehicle for this. As lead on a Maths Centre of Excellence project, we work collaboratively to support Maths skills development with the Cumbria FE Colleges and Lancaster and Morecambe College. In the summer of 2021, we received confirmation of the success as lead on a Cumbria-wide collaborative bid under the Strategic Development Fund.

In 2014, Lakes College was confirmed as a UK Quality Assured establishment following a Quality Assurance Agency for Higher Education (QAA) review. In 2018/19, we secured Office for Students (OfS) registration as a HE Provider. During 2022-23 we re-secured Matrix, ISO 9001, ISO 14001 and Cyber Essentials Plus accreditations.

In July 2020 the college established a fully owned subsidiary company, Lakes College Enterprises Ltd, for the immediate purpose of transferring cleaning services to the company. These services were transferred on 1<sup>st</sup> August 2020 and catering services followed on 1<sup>st</sup> July 2021.

The College has supported over 600 employers in meeting their skills needs.

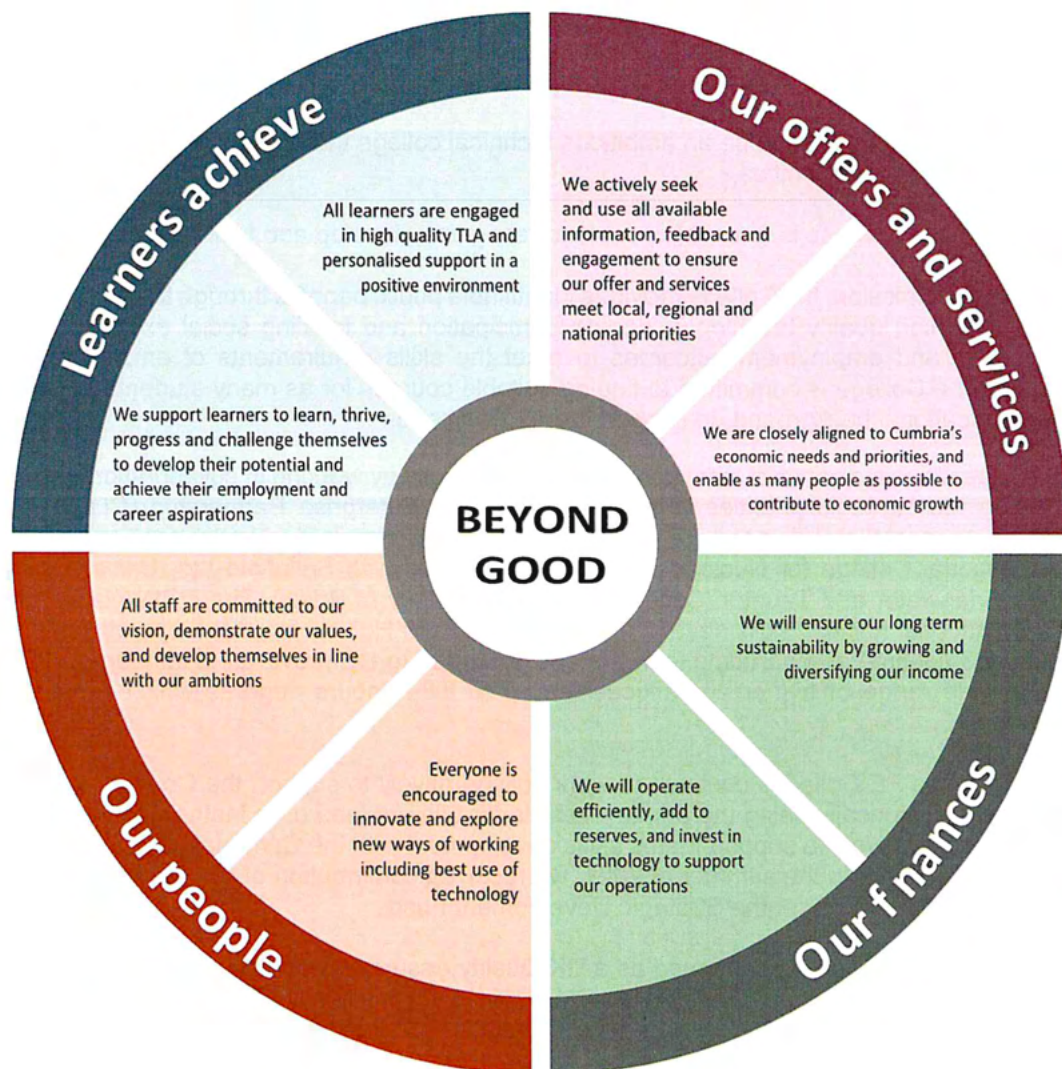


## STRATEGIC REPORT (continued)

### Implementation of the Strategic Plan

The College adopted a strategic plan for the period 1 August 2020 to 31 July 2023 with the following high-level strategic objectives. The first year of the plan was impacted by COVID 19 with on-going disruption which has impacted on on-site learning and growth opportunities, though apprenticeship provision has grown.

Our strategy intent is to enhance the prosperity and prospects of our people and communities by enabling people to recognise their potential. Our Beyond Good agenda secures continuous quality improvement and financial sustainability.



## **STRATEGIC REPORT (continued)**

2021/22 saw the college bid for the local Sellafield Apprenticeship contract, which was then not let, the tender was re-issued in summer 2023 for September 2024 start. The College has bid for 3 main lots. The year saw an increase in apprenticeship numbers and the college set up new innovative in-centre apprenticeship delivery models in engineering on the college campus and in the Carlisle area.

This demonstrates our development to meet community and regional skills needs. During the year Lakes provided strategic leadership of the successful Strategic Development Fund for Cumbria which aimed to increase apprentice numbers and engage with employers. Success on this scheme resulted in an extension into 2022/23. These developments built on the positive Ofsted pilot.

Strategic Development Funds and T-Level capital funds resulted in substantial capital investment in development of our campus as we continued to develop the real-world.

A summary of performance arising from our strategic plan is detailed below:

### **STRATEGIC FOCUS 1**

#### **Learners Achieve**

- 85% of on our Education Programme for young people felt safe in their learning and 98% of our apprentices;
- Our achievement rates for those on our Education and Training programmes improved but were below target in 2022-23, retention improved by 4% and pass rates remained static.
- 'Value added' is a measure of progression at Level 3. In 2022-23, our outturn was 4 (middle ranking);
- Apprenticeship performance remains lower than pre-COVID pandemic, though above the sector average at 58%.
- Higher Education performance has recovered following a dip in retention with achievement rates up 5%.
- Our learner satisfaction rates with their course were at least in the 90 percentile with HE at 100%;
- Our positive destinations (people in sustained employment or education) were 84% for initial destinations, 81% for sustained and 100% for apprentices.

## STRATEGIC REPORT (continued)

### STRATEGIC FOCUS 2 Our offer and services

The confidence in our offer is demonstrated by recruitment figures and our success in winning contracts. The figures below illustrate some fluctuations in meeting or exceeding targets, but taken as a whole is a relatively strong outcome:

Measure	KPI			Out-turn		
Recruitment volumes and winning contracts		No.	£000		No.	Out-turn £000
	16-19	850	£4,607	16-19	904	£5,441
	Adults	900	£976	Adults	909	£765
	HE	350	£859	HE	471	£684
	Apprentices	484	£2,897	Apprentices	563	£3,964
	Contract Income		£555	Contract Income		£516
Feedback and customer satisfaction rates	Parent Satisfaction		98%	89% Parent satisfaction		
	Employer Satisfaction		93%	94% Employer Satisfaction		

### STRATEGIC FOCUS 3 Our People

Our people are central to the delivery of our quality offer and our most important asset. In 2022-23:

- We invested over 3% of our income in professional development of our staff.
- Our staff turnover has been affected by skill shortages and local recruitment activity at higher salary rates, particularly for our teaching support staff, with turnover marginally below the 15% target, improving 2%.
- Sickness absence was 3%, marginally above the latest sector benchmark of 2.7%;
- Our staff climate survey for 2022-23 continued to show a strong performance in many areas, 98% of staff understand their role and contribution to the college, 66% report they have the opportunity to progress in the college, 77% believe their views are sought and considered but only 59% believe communication is effective.

### STRATEGIC FOCUS 4 Our Finances

Measure	KPI	Outturn
Growth in turnover	Achieve £14.3m turnover	£14,997,000
Savings in expenditure	Staff costs as a percentage of turnover (excluding sub-contracting) – 70% or less	74%
Surplus generated as measured by EBITDA	>2.1% EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	(9.9%)
Financial Health	Good	Requires Improvement



## **STRATEGIC REPORT (continued)**

### **Financial Performance and Resources**

The College experienced a 11% increase in turnover from £13.4m to £15m. Dependency on ESFA recurrent grant income has increased by 7% to 80% (2021-22: 73%). Despite substantial growth, the college generated an operating deficit of £2,053,000 as a result of increased staff costs and non-pay costs above budget.

Operating cash flow was £2,274,000 net outflow compared to £1,175,000 inflow in 2021-22.

The Adult Education Budget remains under-committed with £300,000 clawback Full time 16-19 numbers increased by 7% and apprenticeship starts by 17% to offset these shortfalls in income. This demonstrates the increasing balance of delivery on apprenticeships, our priority growth area. Government grant to support catch up activity have contributed to additional staffing and resources to support students who may have fallen behind due to an extended period of disrupted learning.

The College does not have a formal reserves policy, but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College reserves include £175,000 for a 3G pitch sink fund. As at the balance sheet date, the income and expenditure reserve stands at £8,538,000 in large part due to the reduced Local Government Pension Scheme provision, which is now in a surplus position of £3.7m (2022: £1.7m deficit). It is the Corporation's intention to increase reserves over the life of the new strategic plan through the generation of annual operating surpluses for the purposes of re-investing in College resources.

On the basis of the financial recovery plan delivering growth, improving financial health, lack of loan financing and improving cash reserves the Corporation considers that accounting basis of Going Concern is appropriate for the foreseeable future.

During the accounting period 1 August 2022 to 31 July 2023, the College paid 62% of its invoices within 30 days (average 35 days), against the Treasury target of 95%. The College incurred no interest charges in respect of late payment this period.

Available cash reserves (cash plus investments, less bank loan) stand at £1.8m at the balance sheet date (2021-22: £4.2m). These cash balances are after £1,882,000 investment in fixed assets. Investment was made in the Engineering and Brickwork workshops, ICT resources in classrooms, curriculum resources. The College estate, with good quality vocational workshops, provides an excellent environment to develop technical skills.

Investments, cash reserves and borrowing are managed in accordance with the Treasury Management Policy, designed to minimise financial risk in treasury management. The College remains free of long-term loan liabilities.

The staffing establishment increased by 9% after a 16% increase in the previous year. Of the 245 FTEs, 58% are delivery staff and a further 17% are directly student facing.

### **Future Key Developments**

The National College for Nuclear Northern Hub became operational in 2017/18 and continues to expand its offer with new provision. Development of National College provision extends the reach and influence of the College in delivering skills to the nuclear sector. Development of a regional Civil training facility adjacent to the College campus will further enhance the College offer to develop skills, which meet the County's economic development plans in relation to any nuclear new build and the County infrastructure.

In-year, curriculum developments have focussed on T-Levels, extending apprenticeship standards, and on delivering to unemployed and NEET groups. The development of technical qualifications will drive curriculum development in the next three years. The College is broadening the adult offer to meet the re-skilling agenda, in particular around digital offer and delivery.

## STRATEGIC REPORT (continued)

Our role as a strategic community partner places us well in development sustainable projects which extend beyond our facilities and into how we support skills development for the new Green economy. We aim to become a carbon neutral college in line with Cumbria ambitions and secured the ISO14001 environmental management standard in year to demonstrate and support our commitment to the Green economy.

Government policy for economic growth has a strong skills focus with further education recognised as a key part of the solution to economic recovery with:

- Investment in delivery of Local Skills Investment Plans
- A continued focus on apprenticeships
- The development of Life-long Learning entitlements
- On-going investment in the FE estate to meet modern curriculum needs. The college estate is recognised on the balance sheet at cost and current operating conditions are not considered to result in an impairment to the value of assets.

The Corporation has reviewed the financial position and considers that the College has adequate resources to continue in operational excellence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

## PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to work to strengthen the internal control environment, (including financial and operational risk management) which is designed to protect the College's assets, reputation and financial sustainability. The College maintains a risk register, which is reviewed, termly to assess risks and the effectiveness of mitigating actions.

Outlined below is a description of the principal risk factors that may affect the College, not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### 1. Failure to maintain the financial viability of the College

2022/23 saw a substantial operating loss despite significant growth in line with the financial strategy. The staffing establishment and costs have grown beyond the sector norms for pay to income ratios. Non-pay costs have also exceeded budget. The financial trading position must improve rapidly.

The college financial recovery plan aims to secure sustainable growth by

- Continuing to meet employer's skills needs by develop our apprenticeship offer, particularly in Engineering and Construction;
- Secure the Sellafield Apprenticeship contract from 2024/25;
- Embedding the Apprenticeship Academy recruitment service for employers;
- Continued growth in 16-19 contract with the development of the new T-Level offer for 2023/24 and beyond;
- Review of the adult re-skilling offer and delivery plan;
- Development of the Higher Education offer with the Open University;
- Explore HE modular option as fund rules change;
- increasing curriculum innovation and efficiency, including review of delivery models and exploration of supported partnership working;
- Leaner working in apprenticeships to secure earlier starts and increased timely completions;
- Improved ownership, control and monitoring of temporary payroll costs and non-pay budget lines;
- Increasing devolvment of financial responsibility and commercial awareness;
- Reduction in rented property.

These measures will support the college to return to Good and sustainable financial health.



**STRATEGIC REPORT (continued)**  
**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

**2 Government funding**

The College has considerable reliance on continued government funding through the further education sector funding bodies and OfS. In 2022/23, 86% (2021/22 84%) of the College's revenue was ultimately public funded and a high level of government funding requirement is expected to continue. After seven years of static funding rates are now increasing, though often with additional requirements associated with the increase.

The risk is mitigated in a number of ways:

- the College is seeking to increase full cost provision which is not dependent on government funding;
- maximising fee income delivering quality education and training needed by employers and for students to progress into employment;
- development of the STEM (Science, Technology, Engineering and Mathematics) provision to support growth in this area, both classroom based and apprenticeship. Ensuring that progression routes exist to higher technical skills and LEP priorities;
- seeking continued growth in apprenticeship provision;
- extending geographical reach;
- National College for Nuclear development to meet sector skills requirements;
- focus and investment in developing and maintaining relationships with key stakeholder bodies in our locality and nationally in the nuclear sector;
- development of the Civil Engineering Training facility;
- partnership and collaboration as evidenced by NCFN, SDF, LSIP and Cumbria FE College collaboration;
- seeking increased efficiency in processes and delivery models.
- aiming to manage costs within funding constraints;
- process improvement activity

**1. Apprenticeship Reform**

Ongoing reform of apprenticeships creates growth and funding compliance risks due to additional requirements on employers, providers, significant and on-going rule changes with increasing complexity in managing and reconciling financial transactions. Additionally, the weighting of funding to completion creates risks.

This risk is mitigated by:-

- Vigilance in monitoring funding updates and employer incentives;
- Whole process review;
- Commissioning of external support;
- Staff training;
- Liaison with DfE and ESFA staff;
- Internal audit coverage;
- Monitoring of income against individual contracts;
- Information awareness raising with employers;
- Development of start to end digital platforms to manage and monitor apprenticeship activity.

**4. Ofsted Inspection**

Whilst we have recently achieved a Good Ofsted grade, we must embed our improvement activity as part of our continuous improvement and to avoid the risk of a poor Ofsted inspection in the future. Our Beyond Good agenda frames this improvement activity and is securing measurable improvements.

This risk is mitigated in a number of ways:

- Rapid improvement planning in place supported by external expertise;
- Adapting of our Teaching, Learning and Assessment methodology for blended delivery;
- Engagement in sector and Ofsted quality forums;

## STRATEGIC REPORT (continued)

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Internal and external quality assurance activity; aligned to the new Education Inspection Framework;
- Setting of targets at upper quartile level to drive further improvement;
- Revision of our maths and English improvement strategy;
- An ongoing culture change programme supported by a strength-based coaching model.

#### 5. Increasing competition

The development of alternative provision based locally (University of Cumbria, private providers, Energy Coast UTC and Academy schools); in a tough operating environment for all represent a risk to the growth strategy of the College.

This risk is being mitigated by:

- seeking growth in curriculum areas for which there is known increasing demand;
- T-Level offer;
- improving marketing, recruitment and admissions processes;
- development of the Apprenticeship Academy;
- extending provision into the Carlisle area in response to employer demand;
- increasing apprenticeship provision as a key priority;
- jointly leading the National College for Nuclear;
- bidding for the Sellafield Ltd apprenticeship lots;
- quality improvement activity to support demand;
- collaborating where opportunities allow, including leading on collaborative bids;
- reviewing the business delivery model, particularly in the light of a blended learning model.

#### 6. Impact of national policy on English and maths on future recruitment, student attainment levels and OFSTED judgement

As a College supporting deprived students the condition of funding requirement to deliver English and maths GCSEs to all 16-18 students whose prior attainment level is a 3 is a risk in terms of student recruitment, engagement, achievement rates and thereby Ofsted grading. Maths and English outcomes in 2022/23 have taken a dip below expected benchmark figures. This follows a national trend as grade boundaries return to pre-COVID levels. A large proportion of our learners join us without achieving their maths and English at school, 66% of our learners need a maths and English formal qualification, with 37% needing both, this compared to 74% and 53% for general Further Education Colleges nationally. We ranks 190 college of 222 colleges nationally for maths and English prior attainment. Urgent actions to further improve achievement rates in English and maths include:

- A rapid improvement plan led by the Principal;
- deep dive audit activity into maths and English teaching learning and assessment;
- consistent use of new teaching and learning resources;
- a focus on changing mind-sets around maths and English;
- engaging early with students and parents in English and maths, building on lessons learned in a collaborative teaching and learning project;
- reviewing the maths and English policy and extending functional skills;
- Adapting Springboard assessment period to support assessment and development of foundation literacy and numeracy skills;
- Strategic input from Maths Centre of Excellence lead;
- increasing emphasis on achievement of all elements of the study programme including English and maths;
- recruiting specialist qualified maths and English tutors;
- supporting tutors to be Awarding Body markers of GCSE papers;
- providing additional support services to support student achievement;
- increasing focus on evidencing progress in learning;
- focussing on maths and English at for weekly review points, reviewing attendance and engagement.



**STRATEGIC REPORT (continued)**  
**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

**8. Staff recruitment**

The recruitment of teaching staff to some vocational areas, in particular STEM, represents a risk to the quality of provision and growth strategy of the College. The shortage of skilled engineering staff is a national problem.

The September 2020 National Audit Office report into the financial sustainability of colleges in England highlighted the difficulty of recruiting when teaching salaries have fallen substantially behind those for schools and industry.

The rural and isolated location of the College requires us to 'grow our own' teaching staff from industry meaning support and development of our staffing establishment is critical to our success.

This risk is being mitigated by:

- reviewing staff recruitment, pay policy and structures to provide greater flexibility and opportunities for candidates with appropriate skills;
- development of the associate model to meet specialist skills requirements and increase flexibility in meeting employer needs;
- exploring alternative delivery methods and options;
- increasing focused staff development and 'growing your own';
- securing ESFA support funds to attract industry specialists;
- increasing support for new teaching staff.

**9. Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme (LGPS) on the College's balance sheet in line with the requirements of FRS 102. In line with most public sector pension schemes a pension deficit usually exists for the College, though this is reversed in 2022/23 with a surplus position reported. Though welcome, it is important to be aware that market conditions could reverse this position.

The Court of Appeal finding in favour of the McCloud case, claiming age discrimination in transitional arrangements for public sector pension schemes, is likely to result in additional liabilities that have been provided for in these financial statements in relation to the local Government Pension Scheme (note 16). The risk is monitored by regular actuarial review and to some extent mitigated by increased pension contributions from employees and employer in line with the maximum recommended from actuarial assumptions and by an agreed recovery plan with the Cumbria Pension Scheme. A government consultation on the requirement for colleges to offer the LGPS to non-teaching staff appears to have dropped off the agenda as COVID 19 and Brexit exercise government attention. On 1<sup>st</sup> August 2020 the college TUPE'd cleaning staff into a newly formed college subsidiary a key driver for this approach to these out-sourcing arrangements being management of pension costs, followed by Catering staff on 1<sup>st</sup> July 2021. The subsidiary company may be a vehicle to offer further opportunities to mitigate pension liability risks.

The Teachers' Pension Scheme is an unfunded scheme and as such the liability for that scheme is not reported on the balance sheet. However, significant increases in Teachers Pension Scheme employer contribution rates anticipated in the next year. Initially, this may be supported by pension grant funding but this is not assured going forward. This will place pressure on covering staff costs from funded income.

**10. Safeguarding and Prevent**

The Board has a statutory duty to ensure the safeguarding of students. The Board has several statutory responsibilities in respect of keeping learners safe in co-operation with partner organisations and to give due regard to the need to prevent people from being drawn into terrorism.

The College has put in place certain safeguards in recognition of this and included the matter on its risk register so that it can be monitored regularly by the Corporation. Risks associated with these duties are being mitigated by:

- giving regular briefings to Governors and staff;
- regular reviewing and updating College policy and procedures to reflect latest good practice;
- internal communication and promotion plan;

**STRATEGIC REPORT (continued)**  
**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

- training for Governors and staff;
- training for student representatives;
- including Safeguarding and Prevent in the tutorial programme for students;
- online monitoring activity.

**11. Cyber Attack**

In 2017, the College suffered a major Cyber-attack. Cyber-attacks are significant and on-going and represent a significant risk to business continuity. We have mitigated this risk by:

- increasing resources focussed on digital capability and security;
- staff training and awareness raising;
- enhanced insurance cover;
- third party testing of security;
- Securing and maintaining the Cyber Essentials Plus award.

**STAKEHOLDER RELATIONSHIPS**

The College understands the importance of collaboration and partnership working and actively works with many stakeholders, including:

- students;
- parents and guardians;
- staff and representative bodies;
- the FE Commissioner;
- Local Enterprise Partnership (LEP), Chamber of Commerce and Local Authorities;
- partners in the National College for Nuclear – Sellafield Ltd, University of Cumbria, Bridgewater and Taunton College, EDF Energy Ltd and University of Bristol;
- local employers, in particular Sellafield Ltd and the wider nuclear supply sector, NHS Trusts and Rosehill Theatre;
- Cumbria FE Institutions, Lancaster and Morecambe College, Secondary Western Heads, primary schools;
- Open University, University of Cumbria and UCLAN;
- professional bodies.

**CARBON REPORTING**

The intensity measurement recommended for the sector is total gross emissions in metric tonnes CO<sub>2</sub>e per staff member. The intensity measurement for Lakes College in 2021/22 is 2.2 tonnes CO<sub>2</sub>e per member of staff (2020/21 2.49 tonnes).

Measures taken to improve energy efficiency:

- We have replaced the boilers in the main college building with more energy efficient ones and continue to upgrade lighting across college with LED lighting on a rolling basis;
- Established a sustainability group to support the move its net zero;
- Drafted a decarbonization plan to inform carbon reduce developments and investments;
- Mixed recycling bins are in place and integrated across all classrooms, large offices and the LRC. Promotion of recycling across college continues;
- Environmental management system ISO 14001 accreditation in 2022.



## **STRATEGIC REPORT (continued)**

### **Equal opportunities and employment of disabled persons**

Lakes College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in race, faith, gender, sexual orientation, gender reassignment, pregnancy and maternity, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry by the college community.

The College's Single Equality Policy is monitored on an on-going basis and published on the College's internet site and the College publishes an Annual Equality report. Equality impact assessments are undertaken on policies and procedures.

### **DISABILITY STATEMENT**

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the standard. 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 are, as far as possible, identical to those for other employees. The College has secured the TUC Health and Well-being standard, at bronze, demonstrating our commitment to the health and well-being of our staff.

The College seeks to achieve the objectives set down in the Equality Act 2010.

- a. As part of its accommodation strategy the College annually monitors and responds, as appropriate, to access requirements. Experts in this field conducted a full access audit in June 2007 and the results of this formed the basis of capital funding projects aimed at improving access. Access assessments and work continue as we improve our campus.
- b. The College provides information, advice, and arranges support where necessary for students and staff with disabilities. Students are supported in their transition to College.
- c. Specialist equipment is available for use by students and a range of assistive technology is available in the learning centre. This has been well received and is well utilised.
- d. The admissions policy for all students ensures no students are discriminated against. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e. The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disability. There are a number of student support assistants including specialists who can provide a variety of learning. There is a continuing programme of staff development to ensure the provision of an appropriate specialist support for students who have learning difficulties and/or disabilities.
- f. The College actively works in partnership with organisations and groups in West Cumbria and beyond to help develop access to learning.
- g. Specialist programmes are described in College prospectuses, and achievement and destinations are recorded and published in the standard College format. Review of achievement gaps feature in the self-assessment and continuous improvement process.
- h. Counselling and welfare services are available for all students.
- i. Equality, disability and impact measure targets are set and monitored across the curriculum with review at corporation level.

## STRATEGIC REPORT (continued)

### Gender Pay Gap

Category	As at March 2023	As at March 2022
Median Gender Pay Gap	20% in favour of men	24% in favour of men
Mean Gender Pay Gap	6% in favour of men	14% in favour of men

The % proportion of men and women in each pay quartile (movement+/-%) is as follows:

Quartile	% Women	% Men
Lower	75% (78%)	25% (22%)
Lower Middle	67% (67%)	33% (33%)
Upper Middle	55% (58%)	45% (42%)
Upper	56% (55%)	44% (45%)

The Gender pay Gap has reduced as pay rates at the lower end of the pay scale have increased above the average, we have more females in these pay bands. We continue to work towards reducing the gender pay gap.

### Trade Union Facility Time

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

Number of Employees over relevant Period	FTE Employee Numbers
0 (1)	0 (1)

Percentage of Time	Number of Employees
0%	0()
1-50%	1(1)
51-99%	-(-)
100%	-(-)

Total cost of facility time	0(£0)
Total Pay Bill	£10,538,131(£8,766,787)
Percentage of total pay bill spent on facility time	0%(0%)
Time spent on paid trade union activities as a % of total paid facility time	0%(0%)

### 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 they 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 7th December 2023 and signed on its behalf by:

*Michael Priestley*

Mike Priestley

Chair  
7th December 2023



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College 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);
- II. in accordance with the guidance to Colleges, in the Association of Colleges "Code of Good Governance for English Colleges".

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. The Board first adopted the (AoC) Code of Good Governance for English Colleges on 16 July 2015, adopting the latest version on 30<sup>th</sup> September 2021. In the opinion of the Governing Body, the College has sought to comply with the Code, which was confirmed by the External review of Governance which took place from February- May 2023 (please see Corporation performance).

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are charity trustees, confirm that they have had due regard for the Charity Commission's guidance on public benefit, and particularly upon its supplementary guidance on the advancement of education, and that the required statements appear elsewhere in these financial statements.

### The Corporation

Members of the Corporation, who served on the Corporation during the year and up to the date of signature of this report are listed at pages 55-56. This table also includes committee membership and attendance records.

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 targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets eight times a year. Formal agendas, papers and reports are supplied to Governors in a timely manner prior to board meetings. Briefings are provided on an ad hoc basis.

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

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

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the address below. Governors have signed up to the Eversheds' (professional advisors) Code of Conduct and have approved a conflict of interest policy.

The standing orders of the Corporation, which sets out terms of reference, schemes of delegation and rules for the conduct of business, are published on the website, as are the Annual Report and Financial Statements of the Corporation for the previous six years, and the complaints and whistle-blowing policies, which are kept under regular review.

The Corporation is supported by a number of advisory working groups and committees. Each has a terms of reference, which have been approved by the Corporation. These are the Finance and Corporate Working Group; the Quality Working Group; the Search and Governance Committee; the Audit Committee and the Remuneration Committee.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)**

The Corporation monitors the risk register on at least a termly basis (see Principal Risk and Uncertainties) and the Audit Committee is responsible for an annual review of the register, which was commissioned through an internal audit review. A Further Education Self-Assessment report and a Higher Education Self-assessment report, which considers performance in-depth, is approved by the Corporation on an annual basis and improvement plans are monitored in-year.

The Corporation reviews financial regulations on an annual basis, which, together with approved policies in respect of bribery, anti-corruption, gifts and hospitality and fraud, are audited on an annual basis through the regularity audit.

The Corporation approves an annual internal audit plan (on the recommendation of the Audit Committee), informed by the risk register, strategic and operational development and the three-year audit strategy, with the Audit Committee providing robust scrutiny of the ensuing reports.

The Audit Committee receives an Annual Report from the Internal Auditor, which is taken into consideration when forming its own recommendations to the Corporation discussed in more detail under the 'internal control' heading of this statement below.

Full minutes of all meetings, except those deemed to be confidential by the Corporation under standing order 47, are available on the College's website or from the Clerk to the Corporation at:

Lakes College West Cumbria, Hallwood Road, Lillyhall Business Park, Workington, CA14 4JN

Freedom of Information requests may be addressed to the Deputy Principal at the address above, under the Access to Information Policy, which is also published on the website.

No expenses were paid to Governors in 2022-23.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of five members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years. New appointments are made for 1 year in the first instance followed by a 3-year term of office by mutual agreement.

### **Corporation Performance**

The College's self-assessment had a process of support and challenge based on performance in 2022-23, which involves Governors and the services of an external, independent consultant. For 2022-23, it has self-assessed as Good on the Ofsted scale.

The Board carried out a self-assessment of Board performance for the year ended 31 July 2023 and assessed itself as Good according to the AoC's self-assessment tool. The Board placed reliance on their external review of Governance, carried out from February 2023-May 2023 by Shirley Collier MBE, a former National Leader of Governance with the FE Commissioner's office and experienced board reviewer, whose approach is aligned with the Chartered Governance Institute of the UK and Ireland, which concluded that:

".....governance is well managed and has a beneficial impact on Lakes College. In terms of risk oversight and management, the Board provides the college with one of its lines of defence. The current approach should give assurance to stakeholders that the college is managing its assets prudently and putting the student experience at the heart of its deliberations."

A summary of her findings and an action plan can be found on the College's website. It is noted that in 2021-22, an internal audit of Governance gave substantial assurance.

The Governing Body demonstrates a commitment to self-development with Governors undertaking some form of training throughout the year. This has included induction, safeguarding and prevent; finance induction/refresher, TLA induction, strategic sessions; whole college self-assessment sessions; and



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

networking events. The Audit Committee has undertaken role-specific risk training. The Chair has participated in AoC regional chairs' sessions.

The Clerk, who holds an ICSA Certificate (level 5) in FE Governance, also participated in regional AoC conferences, where current issues are discussed and shared, and in particular this year focused on a number of DfE/AoC-led webinars (and self-development) in respect of the reclassification of FE Colleges as public sector and the implications thereof. All Governors continue to be asked to undertake the ETF foundation online training.

Under the Code of Good Governance for English Colleges, adopted by the Corporation, there is a requirement to comply or explain performance and this section provides an overview of performance for the past year.

With respect to the most recent governance audit carried out in 2021, the internal auditor was able to give substantial assurance, which echoed the good grading for Governance by Ofsted at their inspection of 2017 and the conclusions of the external review of Governance.

Governors have a good understanding of the College, its place in the community and are responsive to national and local policy initiatives, as demonstrated by a willingness to engage in

- the National College for Nuclear, of which it is one of two founding members;
- to work with the Local Enterprise Partnership in the provision of enhanced civil engineering training centre for the region;
- Leading on various College collaboration developments, including national strategic projects in collaboration with the Chamber of Commerce and the LEP;
- T-Level provision for waves 2, 3 and 4;
- A governor-led review of how the College meets local need

They are also keen to consider other ways in which they can engage with stakeholders. This has included the recent development of a 'shadow' student board to gain more in-depth views on certain subjects and to give student governors and other interested students experience of chairing; of recording discussion and engaging in debate and discussion.

The Corporation keeps all key policies and procedures under regular review and receives the minutes of all of its supporting committees and working groups. The Corporation also monitors complaints and compliments, the surveys of key stakeholders, including students and their parents. In addition, it regularly receives updates in respect of strategy, curriculum and finance, national and local policy developments, and reviews KPIs at each meeting. Performance in respect of Safeguarding and Prevent, Health and Safety, Equality and Diversity are regularly reported.

Minutes of the Corporation demonstrate the breadth of monitoring and challenge undertaken by the Governing Body. Governors bring a very strong skills set to the work of the Corporation, with expertise in all requisite areas and high expectations of senior staff.

In 2022/23, Governors have achieved an overall attendance rate of 82% (2021-22: 84.3%), above target of 80% and in line with the median average of 101 colleges of 82.68%. The Board continues to consider the diversity of its membership; in 2022/23, gender balance stood for the majority of the year at 37.5% female and 62.5% male. It is anticipated that with new appointments at the start of 2023-24, this will return female representation to at least 45%.

A key challenge for the College is that it sits in a large, rural, sparsely populated area (pop 163,200), with a dominance of one particular sector - nuclear engineering – which attracts a large transient workforce. Add to which, as confirmed by the latest Census of 2021, the 'White/British' profile of the area is in the 97 percentile. Both have an impact on the diversity of potential candidates, bearing in mind the predominantly white population, a commonality of skills, experience and outlook of those employed by the nuclear sector and the challenges of a sparsely populated area.

Given this situation, and a board membership of 18 which affords some flexibility, Governors feel that, provided the Board is subject to regular refresh, they reserve the right to re-appoint for longer than best practice advice, where there is a demonstrable need and/or a need for continuity, in recognition of the limitations of the local area. One new independent member joined the Board in 2022-23 with two further governors due to join at the

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)**

start of 2023-24. In filling its vacancies, the Search and Governance Committee (and the Board) has due regard to the overall skills mix of the Board.

The Board will continue to consider matters of equality and diversity in their appointment process, but their appointment will be on the basis of the skills needs of the Board at the time, when filling vacancies.

### **Committees**

#### **Quality Working Group**

The Quality Improvement Working Group comprised five members in 2022-23 and operates in accordance with written terms of reference approved by the Corporation. They had two formal meetings in 2022-23, focusing on the Continuous Improvement Plans. In their consideration of college-wide self-assessment (before formal approval by the Board), they were joined by other governors to provide challenge to key areas of performance.

#### **Search and Governance Committee**

The Search and Governance Committee comprised five members of the Corporation in 2022/23. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee met 5 times in 2022-23, more than would usually be the case as they oversaw the external review of Governance reporting to the Board. Generally, the Committee provides a forum for reporting governance developments, to discuss governor vacancies and appointments and to carry out an annual review of Governance arrangements. In 2021/22, it discussed and agreed, and the Corporation approved, an additional responsibility for providing an 'independent view' of governance, akin to the role discussed in the Higher Education Code of Good Governance.

#### **Remuneration and the Remuneration Committee**

The Corporation has adopted the AoC Remuneration Code and the way in which the salaries of senior postholders, which includes the Accounting Officer, are set is outlined in a statement available on the web site.

Salaries have traditionally been set using benchmark material from the Association of Colleges at a scale which took account of performance and was reviewed by the Remuneration Committee on an annual basis. It is noted for the record that effective from 1 August 2014, that all Senior Postholders, and the Clerk, volunteered to receive the same pay rise as all staff (usually aligned to the AoC pay award recommendation).

In 2022-23, (notwithstanding the above paragraph) the Corporation commissioned an independent report to review the salaries and terms and conditions of the Senior Post Holders in 2022-23, it being 10 years since the process was last reviewed. As a result of the review, the Deputy Principal's salary was uplifted in line with the uplift awarded to the Principal the previous year (bringing the salaries in line with AoC benchmarking at the upper quartile). It was also resolved that senior staff will receive the same uplift as staff until the next such independent review in a further 6 years (unless the Remuneration Committee feel that they should recommend an earlier review based on their monitoring of the AoC benchmarking material). Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial Statements, noting that the pay ratio of the Principal to the staff median stands at 1:4.12.

In 2022-23, there were three members of the Remuneration Committee and one vacancy, which is expected to be filled in 2023-24. The Committee meets at least annually to take an overview of performance and the terms and conditions of the Senior Postholders and the Clerk. Performance reviews of the Principal and the Clerk are carried out at least annually and reported to the Board.

#### **Finance and Corporate Working Group**

The Finance and Corporate Working Group comprised 5 members in 2022-23 and operates in accordance with written terms of reference approved by the Corporation. The Working Group met on four occasions in 2022-23, one of which considered the self-assessment of some business support units. Membership of this Committee is increased for 2023-24 to include greater breadth.



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The working group has been set up to monitor growth plans, business development and efficiency and effectiveness as an advisory group to the Corporation, and also considers the Learner Journey in respect of the Careers Strategy.

### Audit Committee

The Audit Committee comprises five members of the Corporation (excluding the Principal and the Chair of Corporation). The Committee operates in accordance with written terms of reference in line with the Post 16 Audit Code practice and approved by the Corporation. The overall membership stands at five, with three independent, one staff and a co-opted member. With Corporation's approval, the Audit Committee has taken the decision to retain a staff Governor on the committee, valuing the insight they bring to discussions (noting that any conflict of interest would be declared and, where appropriate, the staff governor would withdraw).

The Audit Committee met four times in 2022-23 with attendance of 80% at three meetings and 100% at the remaining meeting. Attendance was as follows:

Mr Robert Milburn (Chair)	4 of 4 meetings attended
Ms Elaine Clinton	4 of 4 meetings attended
Ms Denise Rollo	2 of 4 meetings attended
Mrs Norma Boyes (co-opted)	4 of 4 meetings attended
Mr Lee Todd	3 of 4 meetings attended

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the College's internal, regularity 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 monitor the systems of internal control, risk management controls and governance processes in accordance with the agreed audit plan 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. Internal Audit was able to confirm that 87% of all recommendations had been implemented in 2022-23, with the remaining 13% partially implemented and progressing.

The Audit Committee recommends the annual audit plan to the Corporation, authors an annual report to the Corporation on audit work, and scrutinises and recommends the financial statements to the Corporation Board.

The Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work and keeps key policies and procedures under review, such as the risk and whistle-blowing policies, fraud and bribery and anti-corruption and financial regulations.

### Internal Control

#### *The purpose of the system of internal control*

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

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

### *Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Lakes College West Cumbria and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdown in internal control.

The risk framework supports the achievement of the College's policies, aims and objectives; business, operational and compliance risks are covered in addition to financial risks.

### *Capacity to handle risk*

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

### *The risk and control framework*

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing body;
- regular reviews by the Governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance; including achievement rates;
- regular review of the risk register, with mitigating actions, according to a risk appetite approved by the Audit Committee;
- regular review of the Audit Committee minutes by the Corporation, and consideration of the Annual Report of the Audit Committee giving its opinion of the system of internal control following review;
- setting targets to measure financial, business and other performance, including success rates;
- regular review of the financial regulations, which sets out capital investment control guidelines;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate.

Lakes College has an internal audit service, which operates in accordance with the requirements of the Education and Skills Funding Agency's and *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 shaped by this analysis.

The analysis of risks and the internal audit plans are approved by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit provides the governing body with a report on internal audit activity in the College. The report includes the College's system of risk management, controls and governance processes.

### *Risks faced by the Corporation*

The Corporation identifies the risks (and opportunities) that it faces by keeping up-to-date with developments in national policy and local policy and funding developments; by strong stakeholder engagement providing a good knowledge of the local market and its fluctuations; through monitoring of financial and curriculum



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

performance, being able to identify areas of concern (or growth) to maintain overall performance and satisfy demand. It knows the business well and can identify risks to its strategic objectives from a position of knowledge.

Having identified an individual risk, it is risk rated according to an approved risk matrix (and on the basis of risk appetite). It is then analysed using the Bow-Tie method of risk analysis, which considers, on the one hand, the causes and preventative measures and, on the other hand, the consequences and mitigating controls. This method of risk analysis originates in high-risk environments and was introduced to the Corporation by a Governor in the nuclear industry. This form of risk register allows for the identification of a diverse range of risks and not just financial risks.

The risk register is considered by the Corporation on a termly basis and reviewed by the Audit Committee on an annual basis. In 2022-23, The Audit Committee will consider in more depth, 1-2 risks at each of its meetings.

The risk register is reflected in the Internal audit plan and the overall process is embedded in the annual cycle of business.

### *Control Weaknesses Identified*

"As detailed elsewhere in these statements, the deficit in 2022-23 has been greater than forecast. The Corporation has taken action to ensure that robust monitoring includes a quarterly soft close of the accounts in 2023-24. Scrutiny of internal controls, through a rigorous audit process, has not found any other significant control weaknesses or failures as reported below."

### *Responsibilities under Funding Agreements*

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

### *Statement from the Audit Committee*

In its annual report, the Audit Committee has provided assurance to the Corporation in the following statement:

"Having considered reports by the College's Internal and Financial Statements Auditors, and more recently the action plan to recover financial health from requires improvement to good, as far as the information tabled to the Committee can allow a judgment to be reached, the Audit Committee is of the opinion that the College's systems have been managed to a reasonable standard.

This leads the Committee to form the opinion that the Corporation can rely upon the adequacy and effectiveness of the College's internal control systems, subject to the implementation of the recommendations referred to in the action plan and within the various reports."

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements are:

Internal Audit Opinions 2022/23		
Ref	Audit Title	Overall Assurance
1.	Student Journey	Substantial
2.	MIS reporting	Substantial
3.	T-Level Industry Placements	Substantial
4.	Risk Management	Substantial

5.	Key Financial Controls	Reasonable
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## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

<b>Internal Audit Opinions 2022/23 (contd)</b>		
6.	Recommendations Follow up	Substantial
<b>Other Audits</b>		
1	ESFA Funding Audit (2022-23) t	Satisfactory

<b>External Audit 2022/23</b>		No modifications made
<b>Regularity Audit 2022/23</b>		Clean Audit

### *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;
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their 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 management team receive reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement.

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

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

Approved by order of the members of the Corporation on 7th December 2023 and signed on its behalf by:

*Mike Priestley*

Mike Priestley  
Chair

*Chris Nattress*

Chris Nattress  
Principal/Accounting Officer

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE:**

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA), and the Office for Students (OfS), of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA and the OfS' terms and conditions of funding. As part of our consideration, we have had due regard to the requirements of grant funding agreements and contracts with the ESFA and the ongoing conditions of registration and terms and conditions of funding of the OfS.

We confirm on behalf of the Corporation that after due enquiry, and to the best of our knowledge, we are unable to identify any material, irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with the ESFA, the ongoing conditions of registration and terms and conditions of funding of the OfS, or any other public funder.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency and the Office for Students as appropriate.



Chris Nattress  
Principal/Accounting Officer

## **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.



Michael Priestley  
Chair

7th December 2023



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation, as charity trustees, 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 the ESFA, OfS and any other funding organisation, the Corporation – through its accounting officer - is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's and OfS's accounts direction 2021/22 and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements the Corporation is required to:

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

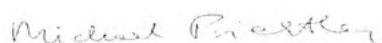
The Corporation is also required to prepare a Strategic Report, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, 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 other 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 the College website, which is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the funding agreements and contracts and any other conditions that may be prescribed from time to time. 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 economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 7th December 2023 and signed on its behalf by:



Mike Priestley  
Chair