

LAKES COLLEGE

REPORT & FINANCIAL STATEMENTS

For the Year ended 31st July 2025
www.lcwc.ac.uk



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FINANCIAL HIGHLIGHTS

Consolidated Statement of Comprehensive Income

	2024-25		2023-24	
	£000'S	%	£000'S	%
Income				
Funding Body Grants	17,523	80%	14,317	84%
Education Contracts	967	5%	798	5%
Tuition Fees and Charges	2,221	10%	584	3%
Other Operating Income	816	4%	1,159	7%
Investment Income	283	1%	225	1%
	22,045	100%	17,083	100%
Expenditure				
Staff Costs	11,950	59%	11,283	64%
Other Operating Expenses	6,362	32%	5,082	29%
Depreciation	1,835	9%	1,192	7%
Interest Payable	91	-	20	-
	20,238	100%	17,577	100%
Surplus/(Deficit)	<u>1,807</u>		<u>(494)</u>	

Consolidated Balance Sheet

	2024-25	2023-24
	£000s	£000s
Non-Current Assets	26,706	28,048
Investment in Joint Venture	-	-
Current Assets	5,767	3,924
Current Liabilities	(3,723)	(3,892)
Net Current Assets	2,044	32
	28,750	28,080
Creditors due after 1 year	(22,503)	(23,422)
Provisions	(312)	(218)
Total Net Assets	5,935	4,440
Restricted reserves		
Revaluation reserve	139	146
Designated reserve	225	200
Non-restricted reserves		
Income & Expenditure	5,571	4,094
	5,935	4,440

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2025.

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 1st 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 deliver excellent technical and professional skills to enhance the prosperity of our people and communities.

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, to support the implementation of the Local Skills Improvement Plan 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 and extended operations focus on HE provision in January 2018. The NCfN now offers a wide range of popular 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, most recently in collaboration under the Local Skills Improvement Fund (LSIF) led by Lakes College.

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 and have subsequently maintained these.

In 2023 the College was awarded the honour of a prestigious Queen's Anniversary Prize in recognition of its work in nuclear skills development.

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 1st August 2020 and catering services followed on 1st July 2021. The subsidiary activities will be further widened in 2024/25 as a vehicle to support a further TUPE transfer to our group, in support of new apprenticeship provision.

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

STRATEGIC REPORT (continued)

Strategic Priorities

We strive to deliver excellent technical and professional skills to enhance the prosperity of our people and communities by:

- Delivering local, regional and national skills priorities to all by collaborating and partnering with employers and key stakeholders.
- Delivering innovative, ambitious and responsive solutions to meet changing priorities and needs.
- Supporting our staff to build careers delivering exceptional services, thereby delivering sustainable operations and finances through consistently excellent provision

The overall objective over 2024-2026 is to return the College to a sound, sustainable financial position, whilst maintaining measured responsiveness and high standards of delivery. We will secure this by:

- Achieving a solvent financial position meeting all key financial targets, underpinned by a sound business model and appropriate financial control;
- Prioritising 'consolidated growth' whereby we maintain responsiveness to regional skills and national priorities based on:
 - Selecting opportunities that match sound business model criteria and acceptable ROI;
 - Divest of provision that cannot meet sound business model and ROI criteria;
- Improve efficiency and effectiveness:
 - Ensure the re-alignment and organisation structure is fit for purpose;
 - Clear accountability and responsibility are known and understood at the appropriate level;
 - Resources are utilised effectively and efficiently in delivery;
 - Minimise waste and reach back work;
 - Ensuring college systems are fit for purpose and support staff to operate efficiently;
- Innovation in planning and delivery;
- Support our people with flexibility, reward and recognition;
- Progress beyond consistently 'Good,' to 'Exceptional'
- Continue to collaborate and partner to deliver our key objectives.
- Implement and embed a culture change programme to support all to be accountable and responsible for delivering our key objectives.

2024/25 outcomes reflect solid and sustained progress against these objectives.

Current and Future Developments and Performance

In 2023 the College was awarded the Queen's Anniversary Prize for its outstanding work in developing highly skilled technicians for the UK's nuclear and low carbon energy sectors. The work, developed collaboratively with industry experts and accredited by the National College for Nuclear, plays a crucial role in shaping site-ready professionals for vital UK industries.

In January 2024 the College celebrated a glowing Ofsted report rating its provision 'Good' overall. Inspectors said: "Leaders use their acute understanding of local and regional needs and the challenges specific to the locality to inform strategic planning of curriculums and the college's offer." The College was rated 'Good' in eight areas assessed, with Adult learning programmes rated 'Requires Improvement'.

In Summer 2024 we were awarded a significant and prestigious apprenticeship contract which commenced in September 2024 and meets the College's strategic objectives.

Whilst the above successes featured in 2023/24 and 2024/25, the college finances were challenged resulting in the request of financial support in the form of a Department for Education (DfE) loan of £1.5m to support working capital. This loan is repayable by July 2027, although early repayment of £0.5m in August 2025 reduces the loan term to July 2026. Previously the College had no loans. The College worked effectively with the FE Commissioner team to support financial improvement planning. This financial intervention with a FE Commissioner led a Structure and Prospects Appraisal (SPA) in Summer 2025 resulting in the college corporation deciding to stand alone.

STRATEGIC REPORT (continued)

The college came out of financial intervention in May 2025.

Financial Performance and Resources

The College experienced a 30% increase in turnover from £16.8m to £21.8m following an 12% increase the previous year. Dependency on DfE grant income decreased marginally to 79% (2023-24: 75%).

Growth securing a large apprenticeship contract and continued costs reductions have combined to move the college from a 0.5m deficit to a surplus of £1.8m in 2024/25.

Operating cash flow was £1,320,000 net inflow compared to £873,000 outflow in 2023-24.

The Adult Education Budget was again marginally under committed with a small clawback against Free Courses for Jobs offer. 16-19 numbers increased by 10% on top of growth of 7% the previous year. Apprenticeship starts grew by two-thirds with the addition of a major apprenticeship contract. This demonstrates the increasing balance of delivery on apprenticeships, our priority growth area.

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 £225,000 for a 3G pitch sink fund. As at the balance sheet date, the income and expenditure reserve stands at £5.5m. For the third year the Local Government Pension Scheme provision is in surplus position £8.1m (2024: £4.6m surplus) with an asset cap applied.

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, a significant apprenticeship contract, improving financial health performance and the support of the DfE working capital loan 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 2024 to 31 July 2025, the College paid 43% (2024:30%) of its invoices within 30 days, average days to pay 40 (2024 average 61 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 and restricted funds, stand at £1.9m at the balance sheet date (2023-24: £0.5m). Limited investment was made in year over grant funded investment. The college campus is in excellent condition following several years of investment and development in technical areas.

Where available, investments, cash reserves and borrowing are managed in accordance with the Treasury Management Policy, designed to minimise financial risk in treasury management. The DfE loan is repayable by July 2027, the College will remain in financial intervention until the loan is repaid. The loan can be repaid earlier if financial recovery and funds allow and an additional £500,000 was paid in August 2025.

The staffing establishment remained static after a 2% increase in the previous year. Of the 249 FTEs, 61% are delivery staff and a further 16% are directly student facing.

Future Key Developments

On-going financial recovery and the resolution of the college and Furness College strategic prospect Appraisals (SPAS), allows the college to focus on on-going sustainability and development of business as usual, building on existing strengths in employer engagement and vocational deliveries.

Following extensive curriculum development on Higher Education qualifications, newly Open University validated qualifications will be delivered from September 2024. A HE digital modular offer was launched and expected to be popular. Additional HE modular delivery will be sought in 2025/26. New degrees validated with the University of Cumbria in autumn 2024 support delivery of the Sellafield Apprenticeships contract and delivery to the wider Nuclear supply chain.

STRATEGIC REPORT (continued)

The T-Level offer will be enhanced for 2025/26 with additional engineering routes further. Growth in High Needs provision is expected, in response to the refreshed offer. Increasing NEET and unemployed offers, often supported by the County Council, continue to grow.

Our offer is extending via the National College for Nuclear and construction departments to meet the skills needs to meet the low carbon economy skills needs.

Government policy for economic growth has a strong skills focus with further education recognised as a key part of the industrial and skills strategy with associated:

- Increased funding rules
- Investment in delivery of Local Skills Investment Plans
- A continued focus on apprenticeships and life-long learning, with additional flexibilities expected;
- 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

2023/24 delivered substantial operating loss despite significant growth in line with the financial strategy. This led to the need to secure a DfE working capital loan in June 2024. The College strategy has moved to one of consolidated growth whilst we rebase costs to sector norms against income levels with a single improvement plan in place.

The college financial recovery plan aims to secure sustainable growth and control costs by:

- Continuing to meet employer's skills needs by develop our apprenticeship offer, particularly in Engineering and Construction;
- Deliver the Sellafield Apprenticeship contract from 2024/25 and seeking an extension beyond December 2026.;
- Embedding the Apprenticeship Academy recruitment service for employers;
- Continued growth in 16-19 contract with the development of the T-Level offer for 2025/26 and beyond;
- Review of the adult re-skilling offer and delivery plan;
- Development of the Higher Education offer with the Open University;
- Delivery of HE modular option;
- All staffing establishment decisions linking to income generation and sector benchmarks.
- increasing curriculum innovation and efficiency, including review of delivery models and partnership working;
- Dedicated apprentice progress and compliance coaches to support efficient and effective apprenticeship delivery;

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- Improvements to college systems and reporting to support increased accountability for financial performance across the organisation;
- Increasing devolvement of financial responsibility and commercial awareness;
- Reduction in rented property.

These measures have supported the college to return to Outstanding and sustainable financial health.

2 Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and OfS. In 2024/25, 81% (2023/24 78%) of the College's revenue was ultimately public funded. High inflation rates and increases in employment costs have wiped out any recent increases in funding rates

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 local skills priorities;
- Seeking continued growth in apprenticeship provision where the business case supports this growth;
- 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;
- Improving the efficiency and effectiveness of delivery models;
- Improve financial accountability across the College;
- Aiming to manage costs within funding constraints;
- Process improvement activity

3 Apprenticeship Delivery

Apprenticeships now form almost 41% of College income, ahead of sector norms. Apprenticeships are a key vehicle to meet local skills and deliver the College growth strategy, however, create funding compliance risks due to the rigour of the compliance regime which impacts on all stakeholders in the apprenticeship market. The weighting of funding to completion adds to the financial and quality risk.

This risk is mitigated by:-

- Vigilance in monitoring funding updates and employer incentives;
- Whole process and systems review;
- Commissioning of external support;
- Staff training;
- Liaison with DfE staff;
- Enhanced internal audit coverage and support;
- Support for employers;
- Dedicated structure for on-boarding, progress monitoring and compliance.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 Exceptional agenda frames this improvement activity and is securing measurable improvements.

This risk is mitigated in a number of ways:

- Adapting of our Teaching, Learning and Assessment methodology;
- Development of a Trauma informed approach to supporting learners to achieve;
- Engagement in sector and Ofsted quality forums;
- Support for part-time Ofsted Inspector staff member.
- Close monitoring of apprenticeship provision
- Internal and external quality assurance activity;
- Setting of targets at upper quartile level to drive further improvement;
- Ongoing revision and review of our maths and English policy and strategy.

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 and Furness areas in response to employer demand;
- extensive apprenticeship provision from Level 2 to Level 6
- jointly leading the National College for Nuclear;
- securing Sellafield Ltd apprenticeship contract;
- 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, retention, engagement, achievement rates and thereby Ofsted grading. 76% of our learners join us without achieving both their maths and English qualifications to grade 4 or above at school, compared to 56% for general Further Education Colleges nationally. Urgent actions to further improve achievement rates in English and maths include:

- 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;
- Supporting assessment and development of foundation literacy and numeracy skills;
- Increasing emphasis on achievement of all elements of the study programme including English and maths; with oversight by vocational teams
- Recruiting specialist qualified maths and English tutors;
- supporting tutors to be Awarding Body markers of GCSE papers;

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- 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.

7. Staff recruitment

Alongside FE sector funding challenges, the pay gap between FE and schools and industry has worsened, increasing the challenge of attracting and retaining specialist vocational staff

As for most colleges recruitment of teaching staff to some specialist skills and in vocational areas, in particular STEM, continues to represent a risk to the quality of provision, delivery of contracts and growth strategy of the College. Government FE recruitment drives and the introduction of targeted retention incentives provide some support in critical areas.

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

This risk is being mitigated by:

- Promotion of the wider recruitment package which remains attractive
- 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;
- Implementing alternative delivery methods and options;
- Increasing focused staff development and 'growing your own';
- Securing DfE support funds and targeted retention payments supports attraction and retention of Industry specialists;
- Increasing support for new teaching staff.

8. 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 was reversed in 2022/23 with a surplus position reported, this surplus further increased in 2023/24 and again in 2024/25, as detailed in 15. The College has applied an asset ceiling cap in reporting the pension surplus position. The College is not required to contribute any additional deficit funding to the scheme. This surplus position will result in lower contribution levels from April 2016 under the triennial actuarial survey.

The pension scheme is managed for long-term return, and though the current surplus position is welcome, it is important to be aware that market conditions could reverse this position.

Application of the McCloud remedy is now active and may result in additional pension liabilities for some members which are provided for within actuary estimates utilised in these financial statements. 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.

On 1st 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 1st July 2021. And again in September 2024 for staff delivering on a substantial apprenticeship contract.

The Teachers' Pension Scheme is an unfunded scheme and as such the liability for that scheme is not reported on the balance sheet. Significant increases in Teachers Pension Scheme employer contribution rates are to date supported by pension grant funding. Further increases are not assured to receive grant funding support.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

9. 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;
- Training for Governors and staff;
- Training for student representatives;
- Including Safeguarding and Prevent in the tutorial programme for students;
- Online monitoring activity.

10. 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 remain vigilant and mitigate this risk by:

- Increasing resources focussed on digital capability and security;
- Staff training and awareness raising;
- Penetration testing;
- Enhanced insurance cover;
- Third party testing of security;
- Testing of staff security awareness and susceptibility to phishing attacks
- 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 Cumberland County Council;
- Cumbria FE Institutions, Lancaster and Morecambe College, Secondary Western Heads, primary schools;
- Inspira;
- Open University, University of Cumbria and UCLAN;
- Professional bodies.
- The Ofsted 2024 inspection found the college makes a reasonable contribution to meeting skills needs "leaders and managers engage with a broad range of Stakeholders to understand skills needs locally, regionally and nationally.

CARBON REPORTING

The intensity measurement recommended for the sector is total gross emissions in metric tonnes CO₂e per staff member. The intensity measurement for Lakes College in 2024/25 is 1.9 tonnes CO₂e per member of staff (2023/24 1.6 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 decarbonisation 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;
- Secured environmental management system ISO 14001 accreditation in 2022 and maintaining thereafter.
- Awareness raising of Green issues across our student body
- Investment in and development of Green Skills provision to meet local skills needs
- Promoting Green Skills across our employers and community stakeholders.

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 2025	As at March 2024
Median Gender Pay Gap	26.9% in favour of men	18.7% in favour of men
Mean Gender Pay Gap	14% in favour of men	10.2% in favour of men

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

Quartile	% Women	% Men
Lower	71% (71%)	29% (29%)
Lower Middle	74% (64%)	26% (36%)
Upper Middle	31% (47%)	69% (53%)
Upper	54% (49%)	46% (51%)

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 the lower 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
2	0
Percentage of Time	Number of Employees
0%	0
1-50%	0
51-99%	0
100%	0
Total cost of facility time	(£0)
Total Pay Bill	£11,675,090 (£11,018,090)
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 11th December 2025 and signed on its behalf by:



Nigel Holliday

Chair
11th December 2025

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 1st August 2024 to 31st July 2025 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 "FE 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 a subsequent version on 30th September 2021. The Governing Body moved to using the latest code, the AoC's FE Code of Good Governance, for the year 2024-25. The College has sought to comply with the Code and has a record of compliance with previous versions as demonstrated by the external review of Governance carried out in 2023.

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 (at least) 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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. More recently, the Corporation has approved a more informal monitoring group of governors (Financial Recovery Group) focusing on financial health between scheduled meetings.

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. The risk register and management processes have been audited in the past three years and received substantial assurance. However, risk management continues to be kept under review to ensure that processes are as robust as possible. 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 agreed 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.

Expenses were paid to the Chair in 2024-25 to cover travel and subsistence in attending sector-specific Chair training and an education event at a neighbouring college. This amounted to £690.70

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 has carried out a self-assessment process in 2024-25 based on performance. This has been brought to the Corporation for Board consideration. The Board has agreed a recommendation that there will not be a formal grading applied, but that strengths and areas for improvement will be well documented and monitored. It is noted for the record that Ofsted grading remains Good.

The Board has carried out a self-assessment of Board performance for the year ended 31 July 2025 and has documented strengths and areas for improvement using the AoC recommended template, which forms the basis for their own action plan in 2025-26 which is agreed by the Board and monitored by the Search and Governance Committee.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

The Board continues to place 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.

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 training, strategic sessions; and networking events. The Audit Committee has undertaken role-specific risk training within the past 18 months. The Chair has participated in AoC regional chairs' sessions. All Governors continue to be asked to undertake the ETF foundation online training.

The Clerk, who holds an ICSA Certificate (level 5) in FE Governance, has also participated in regional AoC conferences, where current issues are discussed and shared. She continues to participate in sector-specific webinars. The clerk also supported the SPA Steering Groups in 2024-25.

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 external review of governance and the most recent Ofsted report (2024), Governance continues to be favourably received:

"Governors provide strong support and challenge to leaders and clearly understand and support the college's strategic plan. They clearly articulate changes to the curriculum in recent years and their roles in the rationale for these changes; for example, the benefits of a diverse apprenticeship offer for young people from disadvantaged areas that the college serves, where full-time education may not be viable financially." Ofsted 2024.

The Board has continued to act decisively, with honesty and integrity, to challenges it has faced in-year (documented elsewhere in respect of financial support) and has shown a willingness to reflect and review practice moving forward.

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 Chamber of Commerce in delivering the local skills agenda, in collaboration with other skills providers;
- T-Level provision;
- A governor-led review of how the College meets local need

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, their parents and employers. 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 reported annually as a minimum.

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. This view has been endorsed by a National Leader of Governance during attendance at a few meetings in 2024-25.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

In 2024/25, Governors have achieved an overall attendance rate of 83.5% (2023-24: 82%), above target of 80% and marginally above the sector average of 82%. The Board continues to consider the diversity of its membership; in 2024/25, gender balance stood for the majority of the year at 50% female and 50% male.

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. Three new independent members joined the Board in 2023-24 and a further three new governors joined in 2024-25, assisted by a recruitment agency working with the DfE. 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 of vacancies.

Committees

Quality Working Group

The Quality Improvement Working Group comprises five members in 2024-25 and operates in accordance with written terms of reference approved by the Corporation. It meets as the occasion warrants and met once in 2024-25, focusing on improvement plans.

Search and Governance Committee

The Search and Governance Committee comprised five members of the Corporation in 2024/25. The Committee operates in accordance with written terms of reference approved by the Corporation. The Committee met 3 times in 2024-25. 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. It has been approved that this committee will provide a focus for 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).

Following a review of salaries by an external consultant in 2022-23, it was 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 and the Board felt that there should be earlier review based on AoC benchmarking material). Details of remuneration for the year ended 31 July 2025 are set out in note 8 to the Financial Statements, noting that the pay ratio of the Principal to the staff median stands at 1:3.81.

In 2024-25, there were four members of the Remuneration Committee. 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

Finance and Corporate Working Group

The Finance and Corporate Working Group comprised 4 members in 2024-25 and operates in accordance with written terms of reference approved by the Corporation. The Working Group met on three occasions in 2024-25. 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 has also considered careers, health and safety and treasury management. In 2024-25, the full careers responsibility moved to a Link Governor.

Financial Recovery Group

A less formal group (nonetheless approved by the corporation) has been established as a sub-set of the Finance and Corporate working group, incorporating additional financial expertise, to provide between-meeting *monitoring* of financial performance. This meets at least termly where no other meeting of the Board or Finance and Corporate Working Group is scheduled. This group has no decision-making powers, providing an advisory function to the Corporation.

Audit Committee

The Audit Committee comprised five members of the Corporation (neither the Principal nor the Chair of Corporation are members) in 2024-25. 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 membership comprised four independent, one staff and a co-opted member. With Corporation's approval, the Audit Committee did previously take 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). In 2024-25 this changed given differences to the skills' set of the membership (which now includes a former member of staff) and the staff governor was deployed on another Committee.

The Audit Committee met five times in 2024-25 with attendance of 100% at four meetings and 80% at one meeting. Attendance was as follows:

Mr Robert Milburn (Chair)	5 of 5 meetings attended
Ms Elaine Clinton	5 of 5 meetings attended
Ms Denise Rollo	4 of 5 meetings attended
Mrs Norma Boyes (co-opted)	5 of 5 meetings attended
Ms Valerie Pallister	5 of 5 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 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 88% of all recommendations had been implemented in 2024-25, with 22% being carried forward.

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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 2025 and up to the date of approval of the annual report and accounts.

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 2025 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 DfE's Financial Handbook for FE College's. 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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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 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 2024-25, The Audit Committee has considered 1-2 risks in more detail 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 in last year's financial statements, the deficit in 2022-23 was greater than forecast. The Corporation did take swift action in pursuit of financial recovery coupled with robust monitoring, however, an unexpected clawback in funding necessitated the requirement for a loan from the DfE and the subsequent intervention by the Further Education Commissioner, with whom the Board is working closely.

Following robust actions to address financial sustainability and the securing of a major apprenticeship contract the college has returned to sustainable financial health with outstanding financial health secured in-year and forecast for the coming two years. The business case presented to the FE commissioner-led Strategic Prospects Appraisals (SPA) has culminated in the Corporation standing alone.

An OfS data audit (for clarity this was not an audit of the ILR) has equally led to a robust action plan being put in place following recommendations from the OfS auditor, monitored at Audit Committee. All actions have now been closed off and no further action is anticipated.

There have been no instances of fraud. Other scrutiny of internal controls, through a rigorous audit process, has not found any other significant control weaknesses or failures other than those reported above.

Responsibilities under Accountability Agreements

The College has reviewed its policies and procedures and approval processes in line with the 2024-25 College financial handbook and its accountability agreement with DfE to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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.

The College has consistently had a good track record in the implementation of audit recommendations. 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 2024/25 and up to the date of the approval of the financial statements are:

Internal Audit Opinions 2024/25

Ref	Audit Title	Overall Assurance
1.	Curriculum Planning Efficiency	Advisory
2.	Health and Safety	Reasonable
3.	Key financial controls	Reasonable
4.	ESFA mock funding audit	Reasonable
5.	Follow up of previous internal audit recommendations	Reasonable

Other Audits

External Audit 2024/25	No issues arising
Regularity Audit 2024/25	No issues arising

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 regularity audit

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.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTD)

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 2025 meeting, the Corporation carried out an annual assessment for the year ended 31 July 2025 by considering documentation from the senior management team and the internal audit and taking account of events since 31 July 2025.

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 11th December 2025 and signed on its behalf by:



Nigel Holliday
Chair



Mark Fell
Principal/Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE:

As Accounting Officer I confirm that the Corporation has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of the College's accountability agreement, funding agreements and contracts with the DfE and the requirements of the College Financial handbook. I have also considered my responsibility to notify the DfE and OfS of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm that I and the Corporation's Board of Governors are able to identify any material, irregular or improper use of all funds by the Corporation, or material non-compliance with the framework of authorities.

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 Board of Governors, DfE and Office for Students as appropriate.



Mark Fell
Principal/Accounting Officer

11th December 2025

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 College's accountability agreement, funding agreements and contracts with the DfE, OfS and any other funding organisation, 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, the DfE's College Accounts Direction and the UK's Generally Accepted Accounting Practice.

In preparing the financial statements the Corporation is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report); 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, in accordance with paragraphs 3.23 and 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the 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; 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 DfE and OfS are used only in accordance with the accountability agreement, funding agreements and contracts and any other conditions that may be prescribed from time to time by the DfE, OfS or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the College Financial Handbook. On behalf of the Corporation, the Chair of the Board of governors is responsible for discussing the accounting officer's statement of regularity, propriety and compliance with the accounting officer.

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION CONTINUED

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 11th December 2025 and signed on its behalf by:



Nigel Holliday
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LAKES COLLEGE

We have audited the group financial statements of Lakes College ("the College") and its subsidiaries ("the Group") for the year ended 31 July 2025 which comprise the Consolidated and College Statement of comprehensive income, the consolidated Statement of changes in reserves, the consolidated and college College Balance sheets, the consolidated Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice: Accounting for Further and Higher Education and the DfE College Accounts Direction 2024-25.

This report is made solely to the Corporation, as a body. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required 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.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and College's affairs as at 31 July 2025 and of the Group and College's total comprehensive surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice: Accounting for Further and Higher Education and the College Accounts Direction issued by the Office for Students and the College Accounts Direction 2024-25 issued by the DfE.

BASIS OF 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 United Kingdom, including the Financial Reporting Council'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 Corporation's 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 Corporation'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.

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

OTHER INFORMATION

The Members of the Corporation are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

In the light of our knowledge and understanding of the Group and the College and their environment obtained in the course of the audit, we have not identified material misstatements in the Corporations report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Framework and Guide for External Auditors and Reporting Accountants of College issued by the Department for Education requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or returns adequate for our audit have not been received from branches not visited by us;
- the College financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received; or
- the going concern basis of accounting and disclosure of material uncertainties is appropriate.

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 notes to the accounts, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

RESPONSIBILITIES OF MEMBERS OF THE CORPORATION

As explained more fully in the statement of responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Corporation members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Corporation through discussions with Governors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statement or the operation of the company
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management;
- identified laws and regulations were communicated within the audit team regularly;
- and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Corporation's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- tested the operating effectiveness of key controls over purchase cycles on a sample basis; and
- reviewed the application of accounting policies including the application of capitalisation of tangible assets, and timing of recognition of grant income; and
- Considered during our work on regularity, propriety and compliance.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would have become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Department of Education and engagement letter dated 15th November 2021. Our audit work had 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, our audit work, for this report or for the opinions we have formed.



Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Carlisle

Date: 11th December 2025

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024 to 2025 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 under the historical cost convention as modified by the use of previous valuations as derived cost at transition for certain non-current assets.

Basis of consolidation

The consolidated financial statements include the college and its subsidiary, Lakes College Enterprises Ltd, controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of the subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

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. There are inherent uncertainties affecting college future funding long term funding rates, significant qualification reform, The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

Two key issues create uncertainty and risk in considering going concern:

Local Government Pension Scheme (LGPS) Liability

In 2019/20 the LGPS liability moved the College into a negative balance sheet position. Since then the liability has decreased, returning the balance sheet into a positive £5.5m in 2021/22 and in 2022/23 the actuarial assessment moved to a surplus position of £3.7m, this further increasing in 2023/24 to £4.6m and to £8.1m in 2024/2025.

No additional contributions are required for the McCloud remedy or for additional deficit contributions. This scheme is a long-term liability, arising as the college must offer the LGPS to staff who are not eligible as members of the Teachers' Pension Scheme, and would only crystallise if the college were to leave the pension scheme.

Further mitigating actions to manage the liability were taken with the establishment of a fully owned subsidiary company, Lakes College Enterprises Ltd, as a vehicle to limit the generation of additional liabilities where possible.

The governors have considered the contribution rates and the cashflow available to the college and can meet the contributions as they are expected to fall due. Therefore, the LGPS liability is not considered a material risk to the going concern of the college over the medium term.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

Future Operations

Government industrial Strategy education policy and qualification reform indicate that the college is well placed to meet government priorities in regard to technical education, skills development and employer engagement.

The college has made a surplus in the year of £1.8m (2024 £0.5m deficit) before the actuarial movement on the pension scheme, and a surplus of £1.4m (2024, deficit £0.8m) including the pensions movement with asset ceiling applied as detailed at note 15.

The college has net current assets of £1.966m (2024 £0.007m liabilities) and positive reserves of £5.9m (2024 £4.4m).

Notwithstanding the above the governors confirm the college continues to be a going concern, without the pension asset the college has assets of £5.9m (2024 £4.4m), the pension liability is payable by employer contributions over a long-term duration and all contributions over the medium term can be met from cash flows.

In addition, within current liabilities there is £1.2m (2024 £0.98m) of deferred income capital grants which are not liabilities falling due for payment but instead income yet to be released. Removing the deferred income there would be net current assets of 3.2m (2024 £0.98m) clearly demonstrating the ability of the college to meet its liabilities as they fall due.

In Spring/ Summer 2024 the college requested a working capital loan of £1.5 million from the department of education, repayable in July 2027. Receipt of the loan facility placed the college into formal intervention with the FE Commissioner and a financial Notice to improve was issued in September 2024. The subsequent FE commissioner led strategic prospects appraisals (SPA) ended in June 2025, resulting in the College remaining stand alone, the financial position and forecasts indicating that the college finances are now sustainable. With improved cash reserved (3.6m year-end) an early repayment of £500,000 was made in August 2025, meaning the remaining loan will be repaid by July 2026 at the latest possibly earlier.

The college came out of financial intervention in May 2025 and is now in post intervention monitoring (PIMS) with FE commission and SFE oversight the financial position to July 2026.

In July 2024 the College secured a sought-after apprenticeship contract for a period to 31st December 2026 we await confirmation of prevenient arrangements after this date. Provision mobilised in September 2024 with apprentice recruitment in line with the contract plans. The College had available cash reserves of £3.6m as at 31 July 2025. The level of cash reserves and fiscal planning indicate the college has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills 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 at the end of November and with any funding audits. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments, other than for T-Level under-delivery which is reconciled in year. Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

The recurrent grant from Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Non-recurrent grants from the funding bodies or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred income and recognised in income over the expected useful life of the asset under the accrual method permitted by FRS 102.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support related funds and bursaries received from funding and other bodies. Subsequent disbursements to students are excluded from the Statement of Comprehensive Income where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. In this case payments received and disbursed would be shown separately, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. Any funds held are within creditor balances.

Post Retirement Benefits

Retirement benefits for most employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded from the state pension scheme and contracted out of the second state pension.

Contributions to the TPS are charged to the income and expenditure account 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 quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus as part of staff costs incurred. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs and recognised in the statement of comprehensive income. Actuarial gains and losses are recognised in recognised gains and losses.

Short Term Employment Benefits

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

Enhanced Pensions

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

Non-Current Assets - Tangible Fixed Assets

a. Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement costs at acquisition, which is treated as deemed cost under the transitional provisions of FRS 102. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the institution of 50 years.

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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 significant buildings are not capitalised as part of the cost of those assets.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings as deemed cost and not to adopt a policy of revaluations of these properties in the future.

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2025. They are not depreciated until they are brought into use. Any associated grants related to these assets are not released until the asset is brought into use. As of 31st July 2025 there are no assets under construction.

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.

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- market value of the fixed asset has subsequently improved;
- asset capacity increases;
- substantial improvement in the quality of output or reduction in operating costs;
- significant extension of the asset's life beyond that conferred by repairs and maintenance.

b. Equipment

Equipment costing less than £1,000 per individual item, unless this forms part of a larger project, is written off to the income and expenditure account in the period of acquisition. Lower value mobile IT equipment and associated peripherals, which may individually cost under £1,000, are capitalised to allow appropriate tracking of use of the asset. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority at incorporation is included in the balance sheet at valuation less depreciation.

All equipment is depreciated on a straight-line basis, over its useful economic life as follows:

General Equipment:	5 years
Computer Equipment:	3 (historic) and 5 years
3G Pitch Surface:	10 years
3G infrastructure:	30 years

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

Leased Assets

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

The College does not have any assets acquired under finance leases.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value. Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore 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

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

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 (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Since April 2017 the Apprenticeship levy of 0.5% of payroll costs above £3m is payable. The College has the right to use the levy to pay for apprenticeship training for up to 24 months. Where it is considered the levy can be utilised for apprenticeship training it is classed as pre-paid and released as expenditure when utilised or written off after 24 months. Any 10% top up of the levy from Government funds will be recognised as income in line with the release of the apprenticeship levy expense.

Financial liabilities accounting policy to include liquid resources

Cash and cash equivalents include sums on short-term deposits with recognised banks and building societies and government securities. At no time during this accounting period did cash reserves dip below 30 days and forecast. Indicate this remains the cash coming for the coming 12 months from the signing of these accounts.

Provisions

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- determined whether leases entered into by the College either as a lessor or 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;
- determined whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other Key sources of estimation uncertainty

- *Tangible Fixed assets*

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 reassessing 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 the projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, 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 2025 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Year Ended 31 July 2025

	Notes	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Funding body grants	1	17,523	17,523	14,317	14,317
Education contracts	2	967	967	798	798
Tuition fees and charges	3	2,221	2,221	584	584
Other operating income	4	816	1,051	845	1,159
Investment income	5	283	283	225	225
Total Income		21,810	22,045	16,769	17,083
Expenditure					
Staff costs	6	11,675	11,950	11,019	11,283
Other operating expenses	8	6,444	6,362	5,069	5,082
Depreciation	10	1,833	1,835	1,190	1,192
Interest and other finance costs	9	91	91	20	20
Total expenditure		20,043	20,238	17,298	17,577
Surplus/(Deficit) before other gains and losses		1,767	1,807	(529)	(494)
(Loss) on disposal assets	9	-	-	-	-
Surplus/(Deficit) before tax		1,767	1,807	(529)	(494)
Taxation		-	-	-	-
Surplus/(Deficit) in the year		1,767	1,807	(529)	(494)
Actuarial (loss)/ gain		3,261	3,261	636	636
Effect of Non- recognition of net defined benefit asset		(3,566)	(3,566)	(912)	(912)
Actuarial gain/(loss) in respect of pension schemes		(305)	(305)	(276)	(276)
	15/16				
Total comprehensive income for the year		1,462	1,502	(805)	(770)
Represented by:-					
Unrestricted comprehensive income		1,462	1,502	(805)	(770)

The income and expenditure account is in respect of continuing activities. There were no operations that were acquired or discontinued during the year.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

For The Year Ended 31 July 2025

	Notes	Income and expenditure Account	3G Pitch Sink Fund	Revaluation Reserve	Total
Group					
At 31 st July 2024		4,094	200	146	4,440
Release of revaluation reserve				(7)	1,495
Surplus from income and expenditure account		1,502			
Transfers to designated reserves		(25)	25		-
At 31 st July 2025	18/19	5,571	225	139	5,935
College					
At 31 st July 2024		4,052	200	146	4,398
Release of revaluation reserve				(7)	1,455
Surplus from income and expenditure account		1,462			
Transfers to designated reserves		(25)	25		-
At 31 st July 2025	18/19	5,489	225	139	5,853

The 3G pitch sink fund has been established, as required in the grant funding conditions, for replacement of the 3G pitch 'carpet'.


BALANCE SHEETS AS AT 31 JULY 2025

	Notes	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Non-current assets					
Tangible fixed assets	10	26,703	26,706	28,045	28,048
Investment in joint venture	11	-	-	-	-
Total non-current assets		26,703	26,706	28,045	28,048
Current assets					
Debtors	12	2,080	2,036	1,606	1,560
Cash at bank and in hand		3,616	3,731	2,333	2,364
Total current assets		5,696	5,767	3,939	3,924
Creditors: amounts falling due within one year	13	(3,731)	(3,723)	(3,946)	(3,892)
Net current assets		1,965	2,044	(7)	32
Total assets less current liabilities		28,668	28,750	28,038	28,080
Creditors amounts falling due after more than one year	14	(22,503)	(22,503)	(23,422)	(23,422)
Defined benefit obligations after provisions	15	-	-	-	-
Provisions	16	(312)	(312)	(218)	(218)
Total net assets		5,853	5,935	4,398	4,440
Restricted reserves					
Designated reserve	17	225	225	200	200
Unrestricted reserve					
Revaluation Reserve	17	139	139	146	146
Income and expenditure account	18	5,489	5,571	4,052	4,094
TOTAL FUNDS		5,853	5,935	4,398	4,440

The financial statements on pages 8 to 55 were approved by the Governing Body on 11th December 2025 and were signed on its behalf by:



Nigel Holliday
Chairman



Mark Fell
Principal

CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended 31 July 2025

Cash flow from operating activities				
	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, exceptional items and before tax	1,767	1,807	(529)	(494)
Depreciation	1,833	1,835	1,190	1,192
Deferred capital grants to income	(1,207)	(1,207)	(1,215)	(1,215)
(Increase)/decrease in debtors	(474)	(476)	837	833
Increase/(decrease) in creditors and provisions	(324)	(280)	(872)	(879)
Pension cost less contributions payable	(312)	(312)	(271)	(271)
Loss on disposal of fixed assets	-	-	-	-
Interest receivable	(43)	(43)	(21)	(21)
Interest payable	80	80	8	8
Net cash inflow/(outflow) from operating activities	1,320	1,404	(873)	(847)
Cash flows from investing activities				
	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Purchase of tangible fixed assets	(498)	(498)	(1,095)	(1,095)
Sales of tangible fixed assets	-	-	-	-
Deferred capital grants received	998	998	1,001	1,001
Net cash inflow/(outflow) for capital expenditure and financial investment	500	500	(94)	(94)
Cash flows from financing activities				
	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Returns on Investment and servicing of finance				
Investment Income	-	-	-	-
Interest received	43	43	21	21
DfE loan received in year	-	-	1,500	1,500
DfE loan repaid in year	(500)	(500)	-	-
Interest paid	(80)	(80)	-	-
Net cash inflow from returns on investments and servicing of finance	(537)	(537)	1,521	1,521
Change in cash and cash equivalents				
	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Increase in cash and cash equivalents in the year	1,283	1,367	554	580

NOTES TO THE ACCOUNTS

1. FUNDING BODY GRANTS

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
DfE Recurrent grant – adult	803	803	896	896
DfE Recurrent Grant – 16-18:	7,970	7,970	6,483	6,483
DfE Recurrent Grant - Apprenticeships	6,728	6,728	4,712	4,712
OFS Recurrent Grant	455	455	463	462
Releases of government capital grants	854	854	843	843
Bursary Funds	9	9	228	228
Other Funds	704	704	692	692
	17,523	17,523	14,317	14,317

2. EDUCATION CONTRACTS

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Local Education Authority	396	396	265	265
Other Contracts	571	571	533	533
	967	967	798	798

Education contract income represents fee income received which is not directly from DfE or OfS. Other contracts includes Multiply income of £34,601 (2024: £28,540) which is classified as a restricted grant.

3. TUITION FEES AND CHARGES

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Adult Education Fees	83	83	218	218
Apprenticeship fees and contracts	1,682	1,682	84	84
Higher Education	456	456	282	282
	2,221	2,221	584	584

Tuition fees funded by bursaries Included within the above amounts are tuition fees funded by bursaries of £0 (2024: £475).

4. OTHER OPERATING INCOME

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Releases from non-government capital grants (non DfE/OFS)	353	353	372	372
Other income generating activities	266	266	268	268
Other income	197	432	205	519
	816	1,051	845	1,159

5. INVESTMENT INCOME

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
FRS102 pension finance income	240	240	204	204
Other interest receivable	43	43	21	21
	283	283	225	225

6. STAFF COSTS

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalents, was:

	College 2025 Numbers	Group 2025 Numbers	College 2024 Numbers	Group 2024 Numbers
Teaching departments FTE	153	153	143	143
Headcount	163	163	155	155
Teaching support services FTE	41	41	48	48
Headcount	48	48	59	59
Administration and central services FTE	44	44	45	45
Headcount	48	48	49	49
Premises FTE	6	18	6	16
Headcount	8	30	7	27
Income Generation FTE	4	4	7	7
Headcount	4	4	9	9
TOTAL FTE	249	260	249	259
Headcount	271	293	279	299

Staff costs for the above persons:

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Teaching departments (including Faculty Technicians and other support staff)	7,738	7,738	7,133	7,133
Teaching support services	1,562	1,562	1,673	1,673
Administration and central services	1,806	1,806	1,672	1,672
Premises	267	542	264	528
Income Generation Staff	302	302	381	381
Apprenticeship Levy	28	28	25	25
Pension Deficit Charge	-	-	-	-
FRS 102 retirement benefit charge	(64)	(64)	(79)	(79)
Restructuring costs - Contractual	-	-	-	-
Non-contractual	-	-	-	-
Movement in holiday pay accrual	36	36	(50)	(50)
Other	-	-	-	-
	11,675	11,950	11,019	11,283

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Wages and salaries	8,683	8,940	8,233	8,483
Agency Costs	407	407	377	377
Social security costs	909	924	874	885
Other pension costs	1,740	1,743	1,614	1,617
FRS 102 retirement benefit charge	(64)	(64)	(79)	(79)
	11,675	11,950	11,019	11,283
Employment costs for staff on permanent contracts	11,137	11,412	10,692	10,956
Employment costs for staff on short-term and temporary contracts	602	602	406	406
FRS 102 retirement benefit charge	(64)	(64)	(79)	(79)
	11,675	11,950	11,019	11,283

7. EMOLUMENTS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the College and are represented by the College Executive Team which comprises the Principal, Deputy Principal and Vice Principal.

Note, the principal/ (Accounting Officer) in post during 2024/25 retired with effect from 30th November 2025.

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Salaries	303	303	273	273
Benefits in kind	-	-	1	1
Pension contributions	69	69	63	63
Total	372	372	337	337

There were no amounts due to key management personnel paid for compensation for loss of office, that were waived in-year, nor any salary sacrifice schemes in place. The above emoluments include amounts payable to the Principal (Accounting Officer) (who is also the highest paid officer) of:

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Salaries	124	124	121	121
Benefits in kind			1	1
Sub Total	124	124	122	122
Pension contributions	36	36	31	31
Total	160	160	153	153

The accounting officer's enrolments represent multiples of median employee pay as follows:

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Principal and CEO's basic salary as a multiple of the median of all staff	3.81	3.81	3.82	3.82
Principal and CEO's total remuneration as a multiple of the median of all staff	3.81	3.81	3.82	3.82

Salary costs for all key management personnel are in line with salary benchmarks for Senior pay as published by the AOC. Pay awards are paid at the same rate as those awarded to other employees. The pension contributions in respect of the Principal and Senior Post holders are in respect of employer's contributions to the Teachers' Pension Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

The number of key management personnel and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

College and Group

Range	2025 Key management personnel and other staff		2024 Key management personnel and other staff	
	£000	No	£000	No
£60,001-£65,000	63	2	61	2
Salaries and Benefits in Kind				
£65,001-£70,000	-	-	67	1
Salaries and Benefits in Kind				
£70,001 - £75,000	-	-	-	-
Salaries and Benefits in Kind				
£75,001 - £80,000			78	1
Salaries and Benefits in Kind				
£80,001 - £85,000	80	1	-	-
Salaries and Benefits in Kind				
£85,001-£90,000	-	-	-	-
Salaries and Benefits in Kind				
£90,001 -£95,000	92	1	91	1
Salaries and Benefits in Kind				
£115,001-£120,000	-	-	-	-
Salaries and Benefits in Kind				
£120,001-£125,000				
Salaries and Benefits in Kind	124	1	121	1
Total	422	5	479	6

Note, above includes the full year value of one member of staff who started in 2023-2024.

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

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Compensation paid to former key management personnel.				
Compensation paid to the former post holder	-	-	-	-
Estimated value of other contractual benefits, including provisions for pensions	-	-	-	-
Total	-	-	-	-

Enrolments for key personnel are set based on AOC benchmark informed by income level and performance of the college. This benchmark is also referenced to compensate set equivalents regional roles.

These senior pay disclosures meet the requirements of the DfE and OfS according to directions.

8. OTHER OPERATING EXPENSES

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Teaching departments	886	886	714	714
Teaching support services	126	126	150	150
Other support services	707	707	589	589
ESFA Bursaries	-	-	228	228
Administration and central services	1,652	1,652	980	980
General education expenditure, including examination fees	1,362	1,362	733	733
Premises costs	1,509	1,565	1,522	1,535
Sub-contracting	183	183	130	130
Other Expenses	19	19	23	23
Total	6,444	6,500	5,069	5,082

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Other operating expenses include:				
Auditor's remuneration				
• Financial Statements Audit	27	27	21	21
• Other services provided by the financial statements auditors in relation to pension return, sub-contractor assurance letter, grant funding audits	4	4	1	1
• Internal Audit	14	14	14	14
• Other services provided by the internal auditors			-	-
Hire of other assets – operating leases	19	19	49	49
Loss on disposal of tangible fixed assets	-	-	-	-

9.INTEREST PAYABLE

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
FRS 102 pension finance cost	-	-	-	-
Enhanced pension provision	11	11	12	12
Interest Charges	80	80	8	8
	91	91	20	20

10. TANGIBLE FIXED ASSETS

Group

	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost or Valuation			
At 1 August 2024	33,949	9,935	43,884
Additions	197	301	498
Disposals	-	-	-
At 31 July 2025	34,146	10,236	44,382
Depreciation			
At 1 August 2024	8,312	7,524	15,836
Charge for period	792	1,043	1,835
Released on Revaluation Reserve	7	0	7
Eliminated on disposals	-	-	-
At 31 July 2025	9,111	8,567	17,678
Net Book Value As At 31 July 2025	25,035	1,669	26,704
Net Book Value As At 31 July 2024	25,637	2,411	28,048

College only

	Freehold Land & Buildings £000	Equipment £000	Total £000
Cost or Valuation			
At 1 August 2024	33,949	9,923	43,872
Additions	197	301	498
Disposals			
At 31 July 2025	34,146	10,224	44,370
Depreciation			
At 1 August 2024	8,312	7,515	15,827
Charge for period	792	1,041	1,833
Released on Revaluation Reserve	7	-	7
Eliminated on disposals	-	-	-
At 31 July 2025	9,111	8,556	17,667
Net Book Value As At 31 July 2025	25,035	1,668	26,703
Net Book Value As At 31 July 2024	25,637	2,408	28,045

If inherited land and buildings had not been re-valued they would have been included at the following historical cost amounts:

Cost

Aggregate depreciation based on cost

Net book value based on cost

2025	2024
£	£
-	-
-	-
£-	£-

11. UNLISTED INVESTMENTS

This relates to the College's involvement in the National College for Nuclear (NCfN). The National College was approved by the Secretary of State in March 2017 commenced activity in the academic year 2017/18.

The College is a founding member of NCfN alongside Bridgwater and Taunton College, Sellafield Ltd, EDF Energy Ltd, University of Cumbria and University of Bristol. The founding members all share equal voting rights. The NCfN is established to support the national development of skills to meet Nuclear Industry Needs.

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
National College for Nuclear	-	-	-	-
Total	-	-	-	-

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Trade debtors after provision for bad debts	787	743	387	387
Prepayments and accrued income	511	511	529	483
Amounts owed by the Education and Skills Funding Agency	782	782	690	690
Total	2,080	2,036	1,606	1,560

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Trade creditors	230	218	243	243
VAT	11	11	34	34
Other taxation and social security	186	190	174	176
Accruals and deferred income	998	998	1,550	1,494
Other creditors	574	574	432	432
Deferred income – government revenue grants	25	25	37	37
Deferred income – government capital grants	1,207	1,207	976	976
DfE Loan	500	500	500	500
Total	3,731	3,723	3,946	3,892

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Deferred income – government capital grants	22,003	22,003	22,422	22,422
DfE Loan	500	500	1,000	1,000
Total	22,503	22,503	23,422	23,422

15. DEFINED BENEFIT OBLIGATIONS

Group and College

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme England & Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cumbria County Council. Both are multi-employer defined benefit schemes.

Total pension cost for the year

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Teachers' Pension Scheme: contributions paid	1,368	1,368	1,375	1,375
Local Government Pension Scheme: Contributions paid	845	845	852	852
FRS 102 charge	(64)	(64)	(79)	(79)
Lump sum deficit LGPS enhanced pension charge to statement of comprehensive income			-	-
Total Pension Costs within staff costs	2,149	2,149	2,148	2,148

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuations of the schemes were at 31 March 2020 for the TPS and 31 March 2025 for the LGPS. Contributions amounting to £186,249 (2024 £187,858) were payable to the above schemes at 31 July and are included within creditors. An enhanced pension provision in respect of unfunded pensioners' benefits is included in provisions detailed in note 17.

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 and other educational establishments, including Colleges. Membership is automatic for teachers and lecturers. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service at the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation). As a

result of the valuation, new employer contribution rates rose to 28.68% from April 2024 (compared to 23.68% from September 2019 onwards).

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

The pension costs paid to TPS in the year amounted to £1,368,020. (2024: £1,026,351)

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by Cumbria County Council.

The total contribution made for the year ended 31 July 2025 was £850,453 (2024: £851,534) of which employers contributions totalled £633,676 (2024: £635,244) and employees contributions totalled £216,777 (2024: £216,290). The agreed contribution rates for future years is 18.8% for employers; and employees rates are calculated using LGPS – Employee Contributions Procedures.

FRS 102

The following information is based upon a full valuation of the fund at 31 March 2025, updated to 31 July 2025 by a qualified independent actuary.

	At 31 July 2025	At 31 July 2024
Rate of increase in salaries	4.0%	4.1%
Rate of increase for pensions in payment/inflation	2.6%	2.7%
Discount rate for scheme liabilities	5.9%	4.9%
Inflation assumption (CPI)	2.5%	2.6%
Commutation of pensions to lump sums	50%	50%

The above assumptions were as at 31st July 2025.

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 2025	At 31 July 2024
Retiring today		
Males	21.4 years	21.4 years
Females	24.0 years	23.8 years
Retiring in 20 years		
Males	22.6 years	22.7 years
Females	25.5 years	25.6 years

Sensitivity Analysis

	At 31 July 2025	At 31 July 2024
Discount rate +0.5% (.0.1%)	15,470	17,428
Discount rate -0.5% (.1%)	(15,470)	(17,428)
Mortality assumption – 1 year increase	£17,025	19,407
Mortality assumption – 1 year decrease	(£17,025)	(19,407)
CPI rate +0.25% (0.1%)	£17,361	19,799
CPI rate -0.25% (0.1%)	(£17,361)	(19,799)

The Group and College's share of assets in the scheme and the expected rates of return were:

	Value at 31 July 2025 £000	Value at 31 July 2024 £000
Equities	9,017	8,618
Government Bonds	3,552	3,390
Other Bonds	-	-
Property	1,888	1,836
Cash	248	447
Other	10,135	9,252
Total fair plan value of assets	24,840	23,543
	16,706	18,975
Present value of funded liabilities		
Net pension Asset	8,134	4,568
Weighted average expected long term rate of return	5.0%	4.9%
Actual return on plan assets	1,235	1,917
	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Amounts recognised in the statements comprehensive income reflect of the plan		
Amounts included in staff costs		
Current service costs	553	539
Total operating charge	553	539
Amount involved in investment costs		
Net interest cost	(240)	(204)
Pension finance costs	(240)	(204)
Amount recognised in comprehensive income		
Return on plan assets	80	816
Experience gains/(losses) arising on the scheme liabilities	(3,182)	(187)
Effect on non-recognition of net defined benefit asset	3566	(912)
Amount recognised in other comprehensive income	464	283
Movement in deficit in year		
(Deficit) in scheme at 1 August	-	-
Movement in year:		
Change in basis of valuation of scheme assets		
Current service cost	(553)	(539)
Employer contributions	645	646
Past service cost	-	-
Curtailments	-	-
Administration expenses	(28)	(28)
Net interest cost	240	204
Actuarial (loss)/gain	3,262	629
Effect on non-recognition of net defined benefit asset	(3,566)	(912)
Surplus/(Deficit) in scheme at 31 July	-	-

In accordance with paragraph 64 of IAS 19 and IFRIC 144, we have considered the impact of an asset ceiling on the recognition of assets in the Statement of Financial Position. An asset ceiling is the limit above which further increases in net pension assets cease to be recognised for accounting purposes. As at 31st July 2025, an asset ceiling totalling £8,134,000 (2024: £4,568,000) was applied to limit the recognition of a surplus on the scheme.

	Year Ended 31 July 2025 £000	Year Ended 31 July 2024 £000
Changes in the present value of defined benefit obligations		
Defined benefit		
Liabilities at start of period	18,975	17,867
Current service cost	553	539
Past Service Costs	-	-
Interest cost	916	897
Employee contributions	216	216
Actuarial (gain)/loss	(3,182)	187
Benefits (paid)	(772)	(731)
Curtailments		
Defined benefit	16,706	18,975
Liabilities at end of period		
Changes in fair value of plan assets		
Fair value of plan		
Assets at start of period	23,543	21,523
Change in basis of valuation of scheme assets		
Interest on plan assets	1,156	1,101
Return on plan assets	80	816
Administration Expenses	(28)	(28)
Employer contributions	645	646
Employee contributions	216	216
Benefits paid	(772)	(731)
Fair value of plan	24,840	23,543
Assets at end of period		

The estimated value of employer contributions for the year ended 31 July 2026 is £644,000 (2024: £646,000).

History of experience gains and losses

	2025	2024	2023 Restated	2022	2021	2020
Difference between the expected and actual return on assets:						
Amount £000	995	1,713	251	(583)	2,915	151
Percentage of scheme liabilities	5.96%	9%	1.4%	(2.7%)	13%	(0.5%)
Experience gains and losses on scheme assets:						
Amount £000	80	816	(655)	(807)	2,753	(323)
Percentage of scheme liabilities	0.3%	4.3%	3.7%	3.7%	12.6%	1%
Total amount recognised in SOCI:						
Amount £000	341	283	(2,002)	7,311	1,558	2,595
Percentage of scheme liabilities	2.04%	1.5%	11.2%	27.8%	5.2%	9.3%

16. PROVISIONS FOR LIABILITIES AND CHARGES

Group and College

	Pension Enhancement Provision 2025 £000	Pension Enhancement Provision 2024 £000
At 1 August 2024	218	235
Interest	11	12
Actuarial (gain)/loss	(12)	(7)
Transferred to statement of comprehensive income	(27)	(22)
At 31 July 2025	190	218

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

The principal assumptions for this calculation are:

	2025	2024
Interest rate	4.8%	4.8%
Net interest rate	2.8%	2.8%
Discount rate	2.8%	2.8%

Group and College

	Apprenticeship income provision 2025 £000	Apprenticeship income provision 2024 £000
At 1 August 2024	-	-
Expenditure in the period	122	-
At 31 July 2025	122	-

Provision for potential loss of apprenticeship income from unresolved data locks and differences.

17. RESERVES

REVALUATION RESERVE

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
At 1 August 2024	146	146	377	377
Released in year	7	7	231	231
At 31 July 2025	139	139	146	146

DESIGNATED RESERVES

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Planned Maintenance and Replacement Programme				
3G Pitch Sink Fund				
As at 1 August 2024	200	200	175	175
Movement in designated reserve	25	25	25	25
As at 31 July 2025	225	225	200	200

18. MOVEMENT ON GENERAL RESERVES ACCOUNT

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
At 1 August 2024	4,052	4,094	4,882	4,889
Transfers to/(from) designated reserves	(25)	(25)	(25)	(25)
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, exceptional items and tax	1,462	1,502	(805)	(770)
At 31 July 2025	5,489	5,571	4,052	4,094
Balance represented by:				
Pension reserve	-	-	-	-
Income and expenditure account reserve excluding pension reserve	5,489	5,571	4,052	4,094
At 31 July 2025	5,489	5,571	4,052	4,094

Restricted funds on Multiply contract were NIL as year-end, income received in year of £34,601 with activity to this value delivered and charged as expenses.

19. CAPITAL COMMITMENTS

	College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
Capital commitments relate to main site capital grant funded improvement works.				
Capital commitments				
Commitments contracted for at 31 July	38	38	197	197
Authorised but not contracted at 31 July	-	-	-	-
Total	38	38	197	197

20. FINANCIAL COMMITMENTS

At 31 July 2025 the College had minimum lease payments under non-cancellable operating leases as follows:

Group and College

	<i>Land and buildings 2025 £000</i>	<i>Land and buildings 2024 £000</i>	<i>Other 2025 £000</i>	<i>Other 2024 £000</i>
Expiring within one year	-	-	-	15
Expiring between two and five years inclusive	-	-	11	11
Expiring after five years	-	-	-	-
	-	-	11	26

21. RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified in respect of governors which should be disclosed.

Expenses paid to Governors in 2024-25 amounting to £945.45 (2024 -NIL).

The National College for Nuclear joint venture vehicle was established in 2017 as we do not hold a controlling interest, in the interests of full transparency we report the following. Related party transactions amount to £24,834 (2024 £1,767) being payment of Consultancy fees and part set up costs agreed over 5 years (2020 insurance cover and audit fees for the National College for Nuclear). At the year-end date the National College for Nuclear owed £0 (2024: £10,734) respect of the transactions.

In July 2020, the College established a fully owned subsidiary company, Lakes College Enterprises Ltd, as a vehicle to provide services to the College. On 1 August 2020 out-sourced cleaning staff were transferred to this subsidiary company which will provide cleaning services to the college. 3 staff were part seconded to the subsidiary company to manage the company and services. 2 Governors have been appointed to the Board. On 1st July 2021, out-sourced catering provision transferred to the company. Related party transactions in the year amounted to £1,323,674 (2024: £253,640). At the year-end date Lakes College Enterprises Limited owed £371 (2024 £48,174) to the College and the College owed £8,983 (2024: £69,078) to Lakes College Enterprises Ltd.

Transactions with the funding bodies and OfS are detailed in notes 1, 14 and 15.

22. INVESTMENT IN JOINT VENTURE

In March 2017 the College entered into a joint venture with Sellafield Ltd, EDF Energy, Bridgwater and Taunton College, University of Bristol and University of Cumbria to form the National College for Nuclear, one of the government's flag-ship national colleges.

23. AMOUNTS DISBURSED AGENT

16-19 bursary grants
Other funding Body Grants
Dispersed to students
Administration Costs
Unspent, included in creditors

College 2025 £000	Group 2025 £000	College 2024 £000	Group 2024 £000
280	280	330	330
4	4	7	7
(183)	(183)	(195)	(195)
(9)	(9)	(10)	(10)
92	92	132	132

24. POST BALANCE SHEET EVENTS

Following the request of a working capital loan of £1.5 million from the department of education in early 2024, The college entered into formal intervention with the FE Commissioner and a financial Notice to improve was issued in September 2024, resulting in an FE commissioner led strategic prospects appraisals (SPA) which ended in June 2025, with the College remaining stand alone, the financial position and forecasts indicating that the college finances are now sustainable. With improved cash reserves (£3.6m year-end) an early repayment of £500,000 was made in August 2025 and the remaining balance repaid in November 2025.

The college came out of financial intervention in May 2025 and is now in post intervention monitoring (PIMS) with FE commission and SFE oversight the financial position to July 2026.

On 1st December 2025 a new Principal was appointed following the retirement of Chris Nattress. The timing means that Mark Fell is the Accounting Officer at the date of signing these accounts (with appropriate statements of assurance by the departing Principal recorded in support).

In November 2025, Sellafeld Limited confirmed a 20-month extension to the apprenticeship contract from December 2026 to August 2028.

GOVERNING BODY:

The Governors who served on the Board during the year and up to the date of signature of this report, were as follows:

Category and Roles	¹ Date of appointments and reappointments	Term of office	Date of Resignation	² Attendance at Corporation & Committee Meetings 2024-25
Independent				
Mr Nigel Holliday Chair, Corporation from 01/08/24 Remuneration Committee member Finance and Corporate Working Group & Financial Recovery Group Member of Quality Working Group Director, Lakes College Enterprises Ltd	01/03/19 01/03/20 01/01/23 30/09/20	1 yr 2.75 yrs 4yrs		Corporation 90% Committees 91%
Mr Mike Priestley Quality Working Group member Safeguarding and Prevent Link Governor Finance and Corporate Working Group Financial Recovery Group Remuneration Committee	17/10/13 26/09/14 01/07/17 01/07/21 01/07/25	4yrs 1 yr		Corporation 100% Committees 92%
³ Mr Phil Jardine Quality Working Group Member Chair, Finance and Corporate Working Group Financial Recovery Group Director, Lakes College Enterprises Ltd	01/10/12 27/06/13 30/12/16 01/07/17 13/05/21 31/12/24 01/08/25 20/08/20	 6 mths 1yr		Corporation 90% Committees 87.5%
Mrs Elaine Clinton Vice Chair, Corporation from 01/08/24 Chair, Search and Governance Committee Audit Committee Member Chair Quality Working Group Equality and Diversity and Learner Support Link Governor Financial Recovery Group	01/03/19 01/03/20 01/01/23	1 yr 2.75 y 4 yrs		Corporation 90% Committees 85%
Mr Peter Ellwood Member, Finance and Corporate Working Group Financial Recovery Group	30/01/20 29/01/21 01/01/24	1 yrs 3 yrs 4 yrs		Corporation 80% Committees 80%
Mrs Alison Hampson Quality Working Group Member Remuneration Committee Member	01/03/19 01/03/20 01/01/23	1 yr 2.75 y 4 yrs	31/12/24	Corporation 75%
Mrs Denise Rollo Audit Committee Member	10/05/18 09/05/19 01/01/22	1 yr 3yrs 4 yrs		Corporation 80% Committees 80%
Mr Robert Milburn Chair, Audit Committee from 23/11/20 Financial Recovery Group	10/05/18 09/05/19 01/01/22	1yr 3 yrs 4yrs		Corporation 70% Committees 75%
Mrs Claire Dunn Remuneration Committee member	01/09/23 01/09/24	1 yr 3 yrs		Corporation 80% Committees 100%
Mrs Val Pallister Audit Committee Member	01/11/23 01/11/24	1 yr 3yrs		Corporation 100% Committees 100%
Ms Jill Stewart Quality Working Group	23/11/23 23/11/24	1 yr 3 yrs		Corporation 100% Committees 100%
Mrs Yvonne Bannister	30/01/25	1 yr		Corporation 83%

¹ Appointments are made for one year in the first instance and then three years (equivalent to a four-year term of office).

² Some special meetings were held at comparatively short notice which impacted on some attendance.

³ Some short-term appointments were made in 2024-25 during a short period of financial intervention.

Category	Date of appointment and re-appointments	Term of office	Date of Resignation	Attendance Corporation & Committee Meetings 2024-25
Mrs Elaine Jordan Remuneration Committee Member	30/01/25	1 yr		Corporation 67%
Mr Alistair Mason	30/01/25	1 yr		Corporation 83%
Staff				
Mr Chris Nattress (Principal) Search and Governance Committee; Cumbria Colleges Ltd Board (dormant); National College for Nuclear – Director & Member Representative	01/09/13 15/03/16		30/11/25	Corporation 90% Committees 33%
Lakes College Enterprises Ltd - Director	10/07/20			
Mr Mark Fell (Principal)	1/12/25			
Ms Elizabeth Hull	26/09/24	1 yr		Corporation 100%
Mr Tyler Millington	26/09/24	1 yr	23/10/24	Corporation (1 meeting)
Mr Andrew Ward	01/12/24		13/03/25	Corporation 50%
Mr Michael Proudman	15/05/25			Corporation 100%
Student Governors				
Ms Sophie Kelly	23/11/23 27/06/24	1 yr 1 yr		Corporation 20%
Mr Jacob Leach				Corporation 50%
Co-opted Committee Members				
Mrs Norma Boyes Co-opted member of the Audit Committee	01/01/22 01/02/23	1yr 3yrs		Audit Committee 100%
Director, Lakes College Enterprises Ltd	01/01/22			

REPORTING COMMITTEES AT YEAR END:

Audit Committee: (5)

R Milburn (Chair)
N Boyes (co-opted)
D Rollo
E Clinton
V Pallister

Remuneration: (4)

M Priestley
N Holliday (Chair)
C Dunn
E Jordan

Search & Governance: (5)

E Clinton (Chair)
M Priestley
C Dunn
N Holliday
C Nattress

Quality Working Group: (5)

M Priestley
E Clinton (Co-Chair)
N Holliday
J Stewart
P Jardine

Finance and Corporate Working Group: (5)

P Jardine (Chair)
P Ellwood
M Priestley
N Holliday
Vacancy

KEY MANAGEMENT PERSONNEL

M Fell (Principal)
C Nattress (Principal at year end)
K Wilson (Deputy Principal)
I Glendinning(Vice Principal)

PROFESSIONAL ADVISORS:

External Auditors: Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
James Watson House
Rosehill
Carlisle
Cumbria
CA1 2UU

Internal Auditors: ICCA Education Training and Skills Ltd
11th Floor
McLaren House
46 Priory Queensway
Birmingham
B4 7LR

Bankers: Barclays Bank plc
9 Highgate
Kendal
LA9 4DA

Solicitors: Eversheds
Evershed House
20 Great Bridgewater Street
Manchester
M1 5ES

Burnetts
Victoria House
Wavell Drive
Rosehill
Carlisle
CA1 2ST

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF LAKES COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION

In accordance with the terms of our engagement letter dated 15th November 2021 and further to the requirements of Department for Education (DfE), as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Colleges, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Lakes College West Cumbria during the period 1 August 2024 to 31 July 2025 have not been applied to the purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.

This report is made solely to the corporation of Lakes College West Cumbria and the Secretary of State for Education in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Lakes College West Cumbria and the Secretary of State 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 Lakes College West Cumbria and the Secretary of State for Education for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the accounting officer of Lakes College West Cumbria and the reporting accountant.

The accounting officer is responsible, under the requirements of the corporation's accountability agreement with the Secretary of State for Education and the College Financial Handbook, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament, and that the financial transactions conform to the authorities which govern them. 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 extant Framework and Guide for External Auditors and Reporting Accountants of Colleges. 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 36 period 1 August 2024 to 31 July 2025 have not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges issued by DfE, which requires a limited assurance engagement, as set out in our engagement letter. 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 consequently 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.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure. The work undertaken to draw to our conclusion includes:

The work undertaken to draw our conclusion includes:

- A review of the accuracy of the corporation's self-assessment of compliance with regularity and propriety requirements and review of appropriate evidence and documentation.
- Review of expenditure systems for compliance with corporation policy and scheme of delegation.
- Consideration of staff expense claims in line with policy.
- Review of procedures in respect of government procurement cards.
- Review of corporation minutes.
- Consideration of advisory matters from internal auditor's reports.

**REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE CORPORATION OF
LAKES COLLEGE AND SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE
DEPARTMENT FOR EDUCATION (the DfE)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament, or that the financial transactions do not conform to the authorities which govern them.

Armstrong Watson Audit Limited

**Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors**

Date: 11th December 2025

