LONDON
SOUTH EAST
COLLEGES

Report and Consolidated Financial Statements for the year ended 31 July 2023

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as the Executive Team and were represented by the following in 2022/23:

Sam Parrett CBE – Group CEO & Principal, and Accounting officer
John Hunt – Deputy Group CEO & Group Chief Financial Officer
Asfa Sohail – Executive Principal and Chief Learning Officer
David Lambert – Group Chief Information and Technology Officer (until 31 March 2023)
Louise Wolsey – Group Chief Strategy Officer
Janet Curtis-Broni – Group Chief People Officer

Board of Governors

A full list of Governors is given on page 31 of these financial statements.

Jennifer Pharo, the Group Executive Director of Governance and Administration acted as the Clerk of the Corporation throughout the period.

Professional advisors

Financial statements auditor and reporting accountant:
Buzzacott LLP
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London
EC2V 6DL

Internal Auditors:
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E14 5HP

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Solicitors:
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Members' Report

The members of the Corporation present their report, which is also the Strategic report, and the audited financial statements for the year ended 31 July 2023.

Legal Status
Bromley College of Further & Higher Education was established under the Further and Higher Education Act 1992. The College is an exempt charity for the purposes of the Charities Act 2011 and accordingly is not liable to Corporation Tax. The College operates under the brand of London South East Colleges in order to reflect the geographical area served by the College.

On 29 November 2022, the Office of National Statistics (ONS) reclassified all statutory Further Education Colleges as public sector organisations in the national accounts and backdated this reclassification to 1993. The Department for Education and Education and Skills Funding Agency immediately introduced new controls and restrictions for the college on the same day, which included the requirement to comply with HM Treasury policy on Managing Public Money.

Academy Sponsorship
The College is the Sponsor of London & South East Academies Trust (LSEAT), and works very closely with the Trust. In April 2018 the independent boards of each entity agreed to work together to further their strategic aims under the brand of London & South East Education Group (LSEEG). This is referred to as Group throughout these financial statements.

Mission
The Corporation re-affirmed the Mission and Vision at its meeting in December 2022.

As part of the London South East Education Group (LSEEG) the College has an ambition to create public (social value), by operating as a social enterprise. Social value is defined as '...how what is proposed to be procured or delivered might improve the economic, social and environmental well-being of the relevant area'. This non-prescriptive language allows organisations an opportunity to inject more innovative thinking into public sector commissioning, procurement and service delivery processes in order to inspire more proactive solution finding.

To deliver this ambition, the mission of the College is: 'to have a positive impact on lives and local communities'.

Through this the College intends to have a positive impact on lives, and the social and economic well-being of our local communities is central to its purpose. This positive impact will be achieved by widening our current role and positioning the College as a social enterprise; one that contributes strategically and operationally to the wider ambitions of our partners. Through working collaboratively and always in partnership, the College believes that together we will achieve more and achieve better outcomes for all. We continue to work closely with our suppliers, other providers and wider networks in support of our creation of social value and mutual wider business aims.

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

People

The College employed a full-time equivalent (FTE) of 594 people, of whom 261 FTE are teaching staff. This equated to a headcount of 938 people, of whom 434 are teaching staff.

Learners

The College had approximately 10,592 learners during the year, circa 3,683 of these were 16-18, 255 19-24 High Needs Learner, 5,677 adults, and 937 apprentices.

Members' Report (continued)

Resources (continued)

Financial
The College has £58.3m of net assets. In addition, the College has cash balances of £26.4m

Reputation
The College has a good reputation for responsive high-quality education and training. The College attracts students from the London Boroughs of Bromley and Bexley, together with the Royal Borough of Greenwich and many other Local Authorities. Maintaining a quality brand is essential for the College's success at attracting students and developing external relationships.

Stakeholders

The College has many stakeholders which include:

- Students
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Greater London Authority
- The local community
- SE London Chamber of Commerce
- London Chamber of Commerce
- Banks and providers of finance
- Canterbury Christchurch University (HEI Ptnr)
- University of Greenwich (HEI Ptnr)
- Ravensbourne University
- London Skills for Growth
- Trade unions
- Other FE institutions
- CBI

Stakeholder relationships are very important to the College and significant senior staff-time is invested in both building and maintaining relationships and partnerships. The College recognises the importance of such relationships to its future success and works closely with the funding agencies, banks, local authorities, and employers, together with its staff and students.

Public Benefit

The College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 31.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education and socially enterprising activities:

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment opportunities for students;
- Strong student support systems;
- Links with employers, industry and commerce;
- Links with Local Enterprise Partnerships (LEPs); and
- Benefits to the local communities in which it operates.

Members' Report (continued)

Strategic Plan
The Group Strategy adopted in 2019 seeks to position the College as a social enterprise. The Corporation monitors the performance of the College against this plan which is reviewed and updated each year. The College's strategic aims/objectives are as follows,

1. To have a measurable positive impact on lives and communities.
2. To maximise learners' success and ambitions through a learning strategy and approach that connects learning to the real world.
3. To deliver high-quality outcomes across all aspects of the Group's business.
4. To have the right people in the right jobs at the right time.
5. To establish a group identity/one organisation - shared vision, mission, and values with a new emphasis on social enterprise and our wider contribution.
6. To embed a culture of discipline, values and evidence that will drive our behaviour.

Review of progress in 2022/23 against the Strategic Plan
The College continues to work with the Social Value Portal to measure the social value that we have generated, and further details on the Social Value and Enterprise aspects of the strategic plan can be found in the next section.

Delivering Social Value
As we approach the final year of our Group Strategy rollout, the College continues to be recognised within the FE, Social Enterprise, and wider education sectors as a key player in this space. We have continued to influence the work of the GLA and Bloomberg in the development of the London Anchor Charter, and the design and development of the London Anchors Impact framework, through which local economic recovery is being aligned to community wealth-building activity. The approach being adopted has been modelled on London South East Colleges' work and the methodology implemented by our Group. As a result, we have been asked to join the London Social Value Taskforce.

Interestingly, the College continues to see through funding applications and contract opportunities a requirement for providers to articulate progress and impact as an Anchor Institution. As a College we are well positioned to respond to these requirements because of our progress on the group strategy over the past four years.

We are currently working with Social Value Portal (SVP) to measure the social value generated in 2022/23. At the time of writing, data collection and analysis is still in the process of being finalised and externally reviewed. From an initial internal review, activities to generate social value are broadly in line with previous years. The College is working with SVP to review how we measure social value, as we reach a more 'mature' stage of the process, and the TOMs framework is updated by SVP. This includes considering key definitions, the measures available as part of the framework and the impact any changes has on social value estimates.

For context, in 2021/22 the SVP validated figures reported £33.6m social value across the Group. The largest contribution of over £29m, is made by local employees (c£17m for LSEC, c£12m for LSEAT), followed by local supply chains generating £14m (c£3m for LSEC). Social action initiatives including the EDI Grants programme, and the national Good for Me Good for FE campaign have further contributed to social value generation.

Good for Me Good for FE National Campaign:
In 22/23, our Good for Me Good for FE campaign had another amazing year, with a total of over £2.2m social value generated nationally, including over 72,000 hours of volunteering, 123,000 food items donated, and £138k of fundraising, which exceeded the aggressive targets set at the end of 21/22 for the 22/23 campaign.

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

Good for Me Good for FE National Campaign (continued)

The Good for Me Campaign continues to build on our social value commitment and to harness the goodwill and contribution that many colleges make to their wider community through measurable social value metrics. Overall, the campaign now engages with 140 Colleges and over 81 individual charities have been reached/ benefitted on a national / local level.

The programme is being supported through partnership funding from the national awarding body NCFE. In 22/23, this provided a grant of £50,900 to sustain the campaign for another year. In addition, the campaign received funding from the partner colleges, East Coast College and Loughborough College, which equated to £25,000.

Every year, the College looks to increase the amount of social value we generate, thereby increasing our wider social impact. This has the benefit of improving opportunities for learners, provides headline social value figures to share with stakeholders and helps to increase the impact the College has for the funding it receives. A greater focus is now required on ensuring that we have access to and can benefit from the wider advantages of the charity and social enterprise partnerships that have been developed. There will be an increased focus on ensuring that leaders and managers are supported in translating this ambition into direct experiences for all learners in the coming year.

For the 2022/23 academic year, we are looking into how we can better embed social value across all parts of the College, particularly focusing on the benefits we can provide our students. This will involve greater strategic planning with multiple departments across the College. In the 2022/23 operating plans, and in the final year of the Group Strategy, this work will be a primary focus and forward planning is already underway.

External Reputation and Awards

During the academic year 2022-23 we have secured almost 200 articles across education, national, regional and trade media – including online, print and broadcast. The advertising equivalent value for this PR is estimated at around £1.8m*, with an estimated audience reach of over 60 million.

This coverage has been secured across a wide range of publications, with several new titles which have expanded our reach and influence. These include: The New Statesman, Children & Young People Now Magazine and the ASCL magazine (The Leader), alongside other national and education titles such as Evening Standard, Times Higher, FE Week, Schools Week and Education Journal.

In addition, 21 thought leadership pieces from a diverse range of spokespeople across the Group (and our partners) have been published in a variety of titles. Accessing a great range of voices from all parts of organisation was a key aim for this year – which we have achieved.

Furthermore, we have fielded speakers at several national events, raising the profile of our organisation and its expertise. Key events have included the Festival of Education and the National SEND conference.

The work carried out across our Group has also been recognised externally via several prestigious national awards. These include:

- World Skills EDI Heroes Awards – best initiative for LSEC's EDI grants scheme
- National Teaching Awards – two highly commended certificates
- National SEND Awards – Excellence in Special Education (Winner)
- Social Value Awards – Highly Commended for our Good for Me, Good for FE Awards

**Inclusive media monitoring statistics www.onclusive.com*

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

External Funding
Building on these developments, the College successfully secured a number of external funding applications which have been used to add value to and enhance the student experience. A primary focus has been to invest in the teaching and learning environment and resources available to students as well as CPD for teachers to improve and develop their classroom practice. In total, the College secured more than £12m in external funding from a range of funders comprising of the GLA, DfE, and partners. Successful bid outcomes have come through the following projects:

Project	Funder	Amount
AOC JP Morgan – Green Skills	AOC	£0.150m
Strategic Development Fund Pilot	DfE	£2.461m (£0.45m for LSEC)
Local London Green and Digital Mayoral Academy	GLA	£0.24m
GoodforMe GoodforFE	NCFE and Founding Colleges	£0.76m
ETF SEND Employer Spoke	ETF	£0.02m
HTE Injection Fund	DfE	£0.91m
Post 16 Capacity Fund	DfE	£4.0m
Future Greenwich Additional Funding	GLA	£4.1m
T Level	DfE	£1.6m
FE Capital Transformation Fund	DfE	£1.3m

Strategic Developments

Future Greenwich Campus
The £37 million Future Greenwich Project is continuing to make progress and will ensure that the new purpose-built campus will be future-proofed to meet the skills demands of employers and the communities it serves. Working in partnership with the Royal Borough of Greenwich and Digital Greenwich, the new campus will take advantage of modern digital pedagogy such as virtual and augmented reality, to create a far more efficient and effective learning environment.

Working alongside L&Q, the capital project will create a new living space with almost 300 new homes, 52% of which will be affordable. Not only will the new campus provide new education opportunities for thousands of Londoners, but the project will also be a vital community asset as well with a new green community space and homes. This hybrid project co-developed between the education sector and a housing association was shortlisted as highly commended in the 2022 National Social Value Awards for Best Public Sector Project.

The College sold part of its Plumstead campus during the year to L&Q as part of its funding strategy for the new campus, and demolition work was completed in August 2023, ready for construction work to commence, with the anticipated opening of the new College being September 2025.

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

Bromley Campus Redevelopment
Following the successful FE Capital Transformation Fund bid, the ambitious part campus redevelopment will enable us to focus on the high-value, higher-level courses that employers need to meet technical skills gaps. Designing the campus to prepare for the rapidly changing skills needs employers have is requiring the development of modernised, more flexible teaching and collaboration spaces for students to learn in and out of the classroom. Work has now completed to prepare the relevant part of the campus for refurbishment and construction, to ensure delivery of these improvements in line with the DfE funding requirements.

T-Level Capital Fund
We received notification in June 2023 of our successful application to develop a new T-Level Build Environment Academy at Bromley Campus, creating a semi-open ribbon block building at the back of the Technology block. Not only will this support the transition to the new T level qualification by creating a industry standard facility it will also allow the College to 'turn off' the historic BTEC L3 qualification, which will cease to be funded from 2024. This is also fully aligned to the College's new curriculum strategy.

The project will also support the College to grow its STEM capacity by also ensuring wider L1/L2 provision can access the industry facilities, allowing this will also create better internal progression routes onto the new T-Level pathway. This L1/L2 provision also includes;

- Brickwork
- The inclusion of this pathway also fixes a wider issue the department has been experiencing, due to a inadequate learning space.
- Plumbing
- Carpentry
- Electrical

By September 2028 the project will enable an additional 84 learners accessing industry aligned T-Level routes.

Post 16 Capacity Fund
In May 23, we received a positive notification of our application to DfE's Post-16 Capacity Fund for further development of the Bromley Campus STEM block for completion in August 2024.

The core objectives of the post-16 capacity fund are:

- to provide additional capacity in 16-19 providers, where there is due to be a demographic increase in learners in September 2024 and there is not enough existing capacity to accommodate that increase;
- to ensure that provision to be delivered through the additional space developed meets local and national skills requirements and is reflective of learner demand; and
- to do so in the most efficient and sustainable way possible, to ensure value for money in the investment of public funds, and to support the Government's target of achieving net zero carbon emissions by 2050 as set out in the Climate Change Act 2008.

The Post- 16 STEM Block bid supports the Colleges Estate strategy by addressing the following goals:

- Providing a revised estate to enable our current curriculum to continue to innovate and support our learner community
- Ensure our estate meets our future curriculum needs and pedagogy
- Helps our estate to support our wider Net Zero ambitions and become environmentally sustainable

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

Post 16 Capacity Fund (continued)

- Create a more efficient estate which optimises and rationalises space and value

Collaborative Strategic Projects
Alongside working with wider stakeholders to further embed ourselves within the community, the College has been delivering several larger-scale projects for the benefit of our learners and our community. These included:

- **DfE Strategic Development Fund Project (£2.4m)**

  The Local London £2.4 million Strategic Development Fund completed on 31st March 2023 and work continues to develop 8 'Green Laboratories' in key technologies, with focus on low-carbon and renewables and design technologies. Curriculum staff across the region underwent CPD in new technologies and new courses are being offered to learners from September onwards.

  Employer and stakeholder engagement activities were key and included the Retrofit London event on 14 March, bringing together industry experts, colleges, employers and local authorities, for the first time, to formulate an action plan for retrofitting buildings in the sub-region.

  With a focus on employers, the project delivered an employer event in partnership with CEME to inform local employers about the new training infrastructure and courses in development and establish relationships to support them to identify their needs for meeting net zero.

  To plan for future sustainability, commissioned industry consultants delivered a SMT/Executive Training workshop to ensure senior leaders from each of the colleges has a common understanding of the emerging Green Economy and the current future skills challenges to enable them to make decisions on future direction of curriculum offer and impact on corporate strategy.

- **Local London Green and Digital Mayoral Academy (LLGDMA)**

  The Local London Green and Digital Mayoral Academy is in the second year of the project. Year 2 will accelerate delivery of an innovative, hands-on, and insightful series of Green CIAG activities and webinars to introduce students to green jobs within the built environment and showcase different pathways into these roles. We are also promoting green and digital skills to the wider community to raise the profile of the sector and support people into work.

  Key activities include partnering with Local London Careers Hub East to deliver an interactive Green Skills Careers Fair for year 9 pupils at the London Stadium on 2nd November 2023, partnering with the GLA to give school pupils and college students the opportunity to participate in the Design Future London Challenge to inspire them to think about their environment and how they could get involved. With the design of an industry pledge card, we are asking employers to pledge their time and participate in industry career related activities to help drive the upskilling and reskilling of the existing workforce and engage and inspire the next generation of green and digital learners. We have also commenced design of the Green Skills Card. This innovative Digital Certification Card will collect micro-credentials to provide employers, with green skills, retrofit qualification requirements, to demonstrate a person's competence. Collaboration with industry partners such as the Retrofit Academy, The Quantum Group, BIM Academy and BRE will provide solutions to college staff shortages by delivering the necessary skills and qualifications to close the skills gap in the green and digital sectors. A local London regional Employer Green,

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

Collaborative Strategic Projects (continued)

Digital and Social Advocacy Boards have been set up with local employers for then to help support underrepresented groups to access green skills training.

All green and digital project activities will now be promoted on the Local London Green Jobs and Skills website which can be accessed using the following link: https://www.locallondongreenskills.com/

- **AoC JP Morgan Green Pilot Project**
  This two year pilot project will build upon the market research, partner collaboration and industry engagement that has taken place to date with our Green Academy Partners. With the immediate emergence of the urgent need to retrofit housing in the build environment, we intend to make LSEC a centre of excellence for retrofit skills and disseminate best practice, share resources, and provide train the trainer activities among partner colleges. The project requires:
  - A minimum of 105 Level 2 construction students to be involved in receiving green skills training
  - Green CIAG to be delivered to a minimum of 120 Level 1 and Level 2

  This project will monitor and benchmark learners' knowledge of green skills throughout the lifecycle of the project.

- **Mayoral Academy Quality Marks –** The three Quality Marks in Construction, Digital and Health & Social Care awarded in 2022 have been renewed until March 2024. In addition, a Quality Mark has been awarded for LSEC's Hospitality provision.

EDI Grants Programme

During 2019/20, our Group launched a ten-year grants programme to help support equality, diversity, and inclusion within our communities and to tackle inequality. This work has built on the College's mission to improve social mobility and is in support of the Black Lives Matter movement, following the death of George Floyd. With research also revealing that minority ethnic groups face disproportionate challenges from the Covid-19 pandemic, we want to continue to address and help support this issue in a tangible way. Therefore, our pioneering grants programme has continued to fund student and staff projects over the past year in a range of EDI areas, tackling issues that are important to them.

In 2022/23, there were five grant programmes running in the group. These include, 'Positive Changes', a project worth £10,000 in its third and final year of operation is a mentoring programme aimed at young Black, Asian, Dual heritage and other ethnic groups as well as 16-25 SEND students. These programmes reached 168 students from these groups have participated in sports, cooking, gaming, music and other social activities to improve self-confidence and build additional life and employability skills to support their next steps.

'Saved by the Ball' is a £33,000 project currently in its third year of operation and is premised on using the power of sport to re-engage young people identified as being 'at risk' of exclusion. Young people on this programme have opportunities to be mentored and coached helping improve personal qualities such as self-esteem. Positive outcomes from the programme include 2 pupils progressing to the college with another having a work experience opportunity with Millwall F.C. Attendance from these pupils has improved with positive feedback received by parents and pupils alike.

In addition, 4 Multicultural days and events were supported during Black History Month last October

Members' Report (continued)

Review of progress in 2022/23 against the Strategic Plan (continued)

EDI Grants Programme (continued)

worth a combined value of £1,000. Moreover, 275 students engaged across all campuses with Level 3 Art students designing and creating artwork for fashion shows. Other activities included a music and fashion show, photography event, designs for displays and mentoring workshops with 202 participants. Observable impacts include raised aspirations of participating students, greater visibility of role models, sense of pride as well as increased confidence in discussing black history.

The 'Mental Health Project' worth £700 is a new research programme starting this September aimed at conducting research into factors affecting the mental health of FE learners. This is to help review current policies on mental health and develop a customised framework to support each learner's needs.

By 2030, we plan to have funded up to 50 community projects.

DEVELOPMENT AND PERFORMANCE

Financial Results

In 2022/23 the College generated an adjusted operating surplus of £0.89m (2021/22: surplus of £1.39m) prior to FRS102 pension costs, and profit on sale of fixed assets of £8.87m (2021/22: £0). The total comprehensive income of the College for the year after including these items and the actuarial gain in respect of the Local Government Pension Scheme (LGPS) was a surplus of £9.8m (2021/22: a surplus of £40.2m).

The overall adjusted operating College surplus for the year of £0.89m is largely due to an unrealised gain on investments of £0.46m and a non cash reduction in the annual leave accrual of £0.24m

The total comprehensive income for 2022/23 includes £0.29m (2021/22: £0.07m) of restructuring costs and £0.26m exceptional property strategy costs which have been expensed on planning of major building works, and £1.5m of FRS102 Local Government Pension Scheme (LGPS) adjustments (2021/22: £3.7m), and an actuarial gain totalling £1.57m in respect of the LGPS (2021/22: £42.5m gain).

The FRS102 pension deficit remained at NIL during the year. This is due to a number of reasons, primarily higher market yields on Corporate Bonds increasing the discount rate applicable to scheme liabilities.

The College has an accumulated income and expenditure account surplus of £51.7m including the LGPS pension reserve (2021/22: £35.1m) and cash balances of £26.4m (2021/22: £20.2m). The College wishes to accumulate reserves and cash balances in order to create a contingency fund, but this is balanced with the need to reinvest in equipment and the College estate following the merger.

Total College income for the year was £53.5m which is an increase of £3.0m from 2021/22 (£50.5m) mainly due to an increase in Adult Education Budget subcontracting, Other grants and contracts on Nido Volans Lambeth provision.

Cash flows and Liquidity

The College aims to generate a cash inflow from operating activities each year and a cash inflow of £2.7m was achieved (2021/22: £6.3m). The College also aims to maintain an appropriate balance between continuing capital investment and net current assets which increased by £17.3m to £23.4m at 31 July 2023 (2021/22: £6.09m).

Members' Report (continued)

DEVELOPMENT AND PERFORMANCE (continued)

Cash flows and Liquidity (continued)

Liquidity remained strong during the year with cash balances of £26.4m (2021/22: £20.2m) as the College builds cash reserves to fund some major capital projects. During the year the College has continued to invest in its estate, equipment and major capital projects with total capital expenditure net of capital grants during the year being £2.79m (2021/22: £1.92m).

The quantum of overall debt is determined by the College's ability to meet capital repayments and debt charges with due regard to interest rate risk.

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

Treasury policies and objectives

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with the Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Reserves

The College has £58.3m (2021/22: 48.5m) of net assets including a NIL pension asset/liability (2021/22: NIL liability) and long-term debt of £5.3m (2021/22: £6.2m). This excludes deferred capital grants of £27.6m (2021/22: £25.6m).

Going concern

The College has funding contracts in place with the ESFA for 2023/24 which provide a secure income stream for the year based upon current enrolment levels. In addition, the College has secure loan debt over the medium term. The medium-term financial plan for the College has been prepared on a prudent basis. Despite the challenges presented by the current economic climate, regulatory changes and some major capital disposal and investment ambitions, the plan demonstrates that financial performance is expected to able to be sustained, and the College will operate within its banking facilities and covenants. Further, the plan also shows that the College will have sufficient working capital to meet liabilities as they fall due.

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Sources of Income

The College has an accumulated income and expenditure account reserve (excluding Pension Reserve) of £51.7m (2021/22: £35.1m) and cash balances of £26.4m (2021/22: £20.2m). The College wishes to continue to accumulate reserves and cash balances in order to help fund future major capital investment, and to protect against adverse changes in financial performance.

The College continues to have significant reliance on the ESFA for its principal funding source, largely from recurrent grants. In 2022/23 the ESFA provided 72% of the College's total income (2021/22: 72%).

Members' Report (continued)

FUTURE PROSPECTS

Curriculum Strategy & Developments

The Curriculum Strategy has been developed over the last year, initially informed by a draft approach to a Local Skills Improvement Plan developed by the College last year. The Strategy sets out five goals for the coming five years, recognising the need to ensure provision for young people and adults meets local skills needs.

In the next five years we want to build on our longstanding commitment to these priorities and social action, to prepare learners for life and work in modern Britain and the global market. As such, the themes of inclusivity, sustainability, digital and green skills for individual and economic growth are embedded throughout the five goals as follows:-

Five strategic goals

1. To maximise learner success by providing an innovative curriculum which meets employer needs, supports economic growth and gives learners the qualifications and skills to succeed in life
2. Increase positive destinations for young people and adult learners to further training, study and work
3. Provide digital skills for all which improves confidence, enables effective learning and to thrive at work
4. Provide an inclusive and agile curriculum which enables all learners to fulfil their potential
5. Enhance learner participation in community and civic life

As a result, we identified that our curriculum development focus is for us to specialise in:

- Business Services (including Digital)
- Construction and Manufacturing, with a key focus on Green Skills and Sustainability
- Creative
- Health and Social Work
- SEND

The Curriculum Strategy has been developed in consultation with staff and external stakeholders.

The Curriculum Strategy is being implemented from 2023/24, supported by annual curriculum planning and the accountability statement which sets out priorities and objectives for the year. These will be underpinned by an evaluation framework to monitor progress against objectives, review progress and support the curriculum planning cycle.

At London South East Colleges, we are committed to providing learners with a curriculum that truly empowers people to fulfil their potential and create a successful future for themselves and the communities in which they live and work.

For example, our curriculum strategy considers technological advances and new applications of these on how we live and work, and with it the skills our learners need to be successful in attaining employment in the future. This is just one factor influencing the size and nature of our current and future labour market, alongside the transition to net zero, social change, political and economic aspects, interacting to drive areas of growth, decline and with it the supply and demand of skills. All such factors and influences are at the heart of our curriculum strategy.

Our Accountability Agreement focus is building on skills for the real world and ensuring that every learner has the skills and qualifications they need to succeed and contribute to their community.

Members' Report (continued)

FUTURE PROSPECTS (continued)

Curriculum Strategy & Developments (continued)

Accountability Agreement

The Government set out their vision to transform Further Education in the January 2021 Skills for Jobs White Paper. This set in motion for reforms to transform the skills system so that it better supports young people and adults to develop the skills they need to get a good job and provide a clearer focus on delivery of outcomes. The Skills and Post-16 Education Bill, introduced last year aimed to strengthen links between employers and further education providers saw the introduction of Local Skills Improvement Plans, known as an LSIP.

A key feature of the reforms is ensuring that employers have a central role in designing and developing qualifications and training. This has been further enforced through the accountability system, that provides new powers to the Secretary of State to ensure FE providers comply with their 'duty' to co-operate with employer representative bodies in the development of the plans, and new statutory duty to keep provision under review to ensure that it best meets local needs.

In this context FE providers are required to complete an annual accountability statement.

The accountability agreement has two parts that providers are expected to comply with and implement. These are: the accountability framework and annual accountability statement. The annual accountability statement should be a succinct document that focuses on the College's priorities for the funding year ahead. It will need to be published on the college website and shared with ESFA and other external agencies. The annual accountability statement will need to link to the Local Skills Improvement Plan and should include.

- Statement of purpose
- Background to context/place
- Approach to developing the statement
- Contribution to National, regional and local priorities
- Corporation statement/sign-off
- Links to supporting documentation

BusinessLDN is the employer representative body (ERB) leading the LSIP for London. The LSEC is represented on the London LSIP Stakeholder Advisory Group.

The pan-London priority sectors are Creative, health and social care, construction, and hospitality. Meanwhile, it identifies four key themes:

- Digital skills
- Green skills
- Labour market inclusion
- Transferable skills

As may be expected, these strongly align with priorities in the Local London sub-regional LSIP, which highlights:

- Construction and engineering
- Health and social care
- Digital and creative
- Manufacturing
- Distribution and logistics

FUTURE PROSPECTS (continued)

Accountability Agreement (continued)

Overall, the priority sectors and skills in the LSIP for London and Local London closely align with our current direction of travel from the Accountability Agreement and Curriculum Strategy (2023-28). Both of these documents have been reviewed to ensure they align with the local, regional and national skills priorities published in the LSIP and national guidance from DfE and were presented to the July Board for approval.

Curriculum Developments

As a large College of Further and Higher Education, we have a significant role to play in supporting local communities and economies to continue to recover, build resilience and thrive, and we are committed to collaboration on this agenda in the ever-changing policy context of education and skills. We have proactively responded to this changing agenda to ensure that our approach to employer engagement and supporting economic recovery aligns with the emerging development of Local Skills improvement Plans in London. The approach will build on the design and implementation of the LSEC Curriculum Strategy and Accountability Agreement.

This combined with the College's Construction Quality Mark and MCAS Hub Status, signals to employers and industry professionals that we are a leading provider in this sector. The College continues to develop the capacity of the Mayor's Construction Academy Hub, improving its ability to:

- improve the supply of skilled construction workers required by the sector, creating more opportunities for Londoners to benefit from the available job opportunities (including more women and BAME Londoners);
- scale-up and extend high-quality provision and initiatives that are already working well across the capital to train Londoners in the skills needed to enter and progress in careers in the construction sector;
- intensify local collaboration, particularly between small and medium-sized businesses and construction skills training providers and support the development of training provision for the construction of precision-manufactured housing in London.
- Improve further development of Green and Digital skills through targeted investment and support.

These principles and strategic focus areas are now being applied to wider industry sectors.

Expansion of our High Needs Provision

During the year the College was approached by the London Borough of Lambeth regarding the potential transfer of the contract to operate the post 16 high needs provision located in the borough for learners with complex and Profound Multiple Learning Disabilities (PMLD). At that time, the provision was provided by the former Michael Tippet College, which had a grade 4 Ofsted, and the College was not making the required progress to improve this grade. On 1st February 2023, the contract to operate the provision was transferred to LSEC, operating from the former Michael Tippet College premises, with the provision being renamed as Nido Volans Lambeth (NVL).

In response to the educational challenges, we immediately started providing comprehensive and intensive support to the NVL staff and learners. The primary objective was to align the provision at Nido Volans Lambeth with the established standards of excellence within our existing Special Educational Needs and Disabilities (SEND) program. This involved significant enhancements in management, monitoring, and, most importantly, Teaching, Learning, and Assessment

Members' Report (continued)

FUTURE PROSPECTS (continued)

Curriculum Developments (continued)

methodologies. We are eagerly anticipating an upcoming monitoring visit by Ofsted, where we aim to demonstrate the substantial progress achieved thus far.

One of the key barriers to making all of the required educational improvements is the existing premises, which are not suitable for learners with complex and profound multiple learning disabilities. Working in collaboration with the London Borough of Lambeth, a more suitable location in Norwood has been identified with the intention to relocate the provision to that site. A number of essential enhancements and capital works need to be completed at the site in order to make it suitable for learners, and we are in the process of developing and costing this project.

We expect these works to be completed in preparation for the commencement of the new academic year in September 2024. These developments underscore our commitment to providing exceptional educational opportunities and support to learners with complex needs, ensuring their access to a conducive and inclusive learning environment.

Provision Types

Study programmes provision covers 14 of the 15 subject sector areas and ranges from Entry level to Level 3. In 2022/23, two T level course, Business and Health & Social Care, were delivered and for 2023/24 this was expanded to further five T level courses in Digital, Early Years, Engineering, Electrical and Construction. STEM provision has the largest proportion of young learner enrolment and attracts few adults studying alongside the youngsters, mainly in the service industry and electrical engineering. About three-quarters of our young learners needed to study English and/or maths alongside their vocational subjects. The College has much higher numbers of learners whose prior attainment in either GCSE English or mathematics not reaching a grade 4 in comparison to the national figures.

Most study programme courses at entry, level 1 and level 3 have seen improvement in achievement rates. However, a disproportionate high number of level 2 learners requiring English and maths post pandemic has had a slight impact on overall achievement rates at level 2. (The overall achievement rates are at 80.5%).

High needs provision is offered as discrete SEND provision as well as in the mainstream. Discrete SEND provision is delivered over three campuses within the Nido Volans Centres at Bexley, Bromley and Lambeth. The SEND provision works closely with Bromley, Bexley and Lambeth local authorities, however, the SEND programmes support learners from 8 other South East London boroughs including, Lewisham, Greenwich, Dartford, Kent, Southwark, Wandsworth and Croydon. The largest cohort of learners come from Bromley (98), then Bexley (59) followed by Lambeth (37) and Greenwich (37) and finally Croydon (14).

Historically there have always been more learners with Education Health Care plans (EHCP) within the discrete SEND provision, however over the last two years there has been significant increase (40%) in learners with EHCPs within the vocational areas across the wider college. In 22/23 there were 294 within SEND and 391 in the wider college. With such an increase leaders and managers of ALS are actively supporting the wider College to better personalise their vocational programmes to maximise learners' experience, progress, and achievement.

Members' Report (continued)

FUTURE PROSPECTS (continued)

Provision Types (continued)

Of the 685 learners with EHCPs, 642 learners are in receipt of high needs funding drawn down from thirteen local authorities across the five LSEC campuses in 2022/23. All these learners have Education, Health and Care plans (EHCPs) and as mentioned, 294 of these learners are on discrete SEND programmes across Bromley (160), Bexley (92) and Lambeth (42). For these learners there are clear and rapid opportunities for progression to higher level programmes that challenge and develop essential skills for life and employment.

The provision for learners with high needs at London South East Colleges is good and learners make good or better progress against their starting points. Leaders and managers of the discrete SEND provision have created an excellent learning environment that fully meets the diverse needs of learners and enables them to develop excellent personal, social and employability skills.

Higher Education provision aims to offer a flexible higher education provision that is value for money for people looking to progress their careers or change direction. The majority of programmes are two years and can be studied alongside job commitments to enable students to gain qualifications and the skills and knowledge needed to further their career. These include Higher National Certificates/Diplomas, Foundation and Bachelor degrees which are validated by the University of Greenwich, Canterbury Christ Church University and Pearson.

The Higher Education provision had enrolled 435 learners in 2022/23 and was made up of a curriculum in Build Environment (136), Business (34), Digital (56), Education and Early Years (103), Health & Social Care (67), Sport (21) and Science (18).

Results within HE have improved again in 2022/23. While retention has dropped, due to a range of external challenges, the pass and achievement rates have presented a three-year increasing trend.

Overall pass rates have moved from 73.8% in 2020/21 to 84.6% in 2021/22 and to 92.9% in 2022/23, with achievement rates going from, 70.9% to 77.8% and to 84.1% over the same period.

The Higher Education provision has now fully embedded itself in the Ozone building, creating a specialist University Centre environment. Within this the University Centre two new Higher Technical Qualifications have been setup, one in Health which has not recruited in 2023/24 and another in Cyber Security, which was got the first 14 learners enrolled on to the programme and accessing the new Digital Cyber Lab.

Adult provision has delivery across 13 of the SSAs, with Preparation for Life and Work (57.1%) and Health, Public Services & Care (25.38%) making up the large majority of the offer. This delivery covered 6 SSAs delivering 1,507 enrolments.

In 2022/23 a broad adult curriculum offer was supplemented with delivery by 3 high quality subcontracting partners. This delivery represented 56% of the small ESFA contract (out of London) and 14% of the GLA contract (in London).

Overall achievement in adults has increased by 1% from 2021/22. Areas that have seen the most significant increase where large student volumes are enrolled in Sport, Leisure and recreation (27.8%), Teaching and Lecturing (15.1%) and Administration (14.3%). Areas of decline include Travel and Tourism (21.1%), Transportation Ops & Maintenance (13.4%), and Crafts, Creative Arts and Design (10.8%).

Members' Report (continued)

FUTURE PROSPECTS (continued)

Provision Types (continued)

Our Apprenticeship provision had a total of 404 leavers in 2022-23 covering 7 Subject Sector Areas (SSAs), the largest being Business Administration (127) followed by Construction (65), Engineering (61), Retail and commercial (41), Education and Training (22) and ICT (11).

As a result of lower achievement rates in some low volume areas, 13 apprenticeship frameworks/ standards have been identified to be closed to drive up quality and improve the efficiency of delivery, without impacting on the plans to continue to grow the volume of high-quality apprenticeship programmes. This area is under intervention and being supported by an external consultant.

Curriculum Beyond Qualifications

As a social enterprise organisation, LSEC recognises that qualifications alone are not sufficient to equip learners for success in life. We want to build strong, sustainable communities that are economically and socially prosperous, and for our learners and partners to join us on this journey as co-producers in achieving this vision. This is why our learners' education includes the following:

<u>English and Maths Learning and Catch-up Funds</u>
The College recognises the importance of learners' literacy and numeracy skills as a key tool for enhancing learners' employability prospects. Learners are provided with Functional Skills (FS) classes as steppingstones to support our learners in achieving their GCSEs in both English and Maths if they have attained grades below 3 in these subjects. If learners have grade 3 in these subjects, they are provided with the opportunity to re-study such subjects. Our learners are also supported outside their English and Maths (FS or GCSE) classes. This is achieved through the use of the specialist "Century" English and maths software to enhance self-directed study.

A significant proportion of the catch-up funding was used to support English and Maths. This is both through the College's own English and Maths team and also through expanding the programme delivered by "Get Further" which used more provision for more learners, providing support for Functional Skills as well as GCSE.

In addition, the tuition fund also supported learners who missed learning opportunities on vocational programmes in preparation for the practical assessment.

The expectation of this increased level of support is that knowledge and skills gaps are filled and confidence is rebuilt which should be seen in more positive achievement rates and destinations.

<u>Preparation for work</u>

Work Experience (WEX) has a high profile within the college which is introduced through the tutorial provision and through curriculum sessions. The dedicated Work Experience team works with learners and employers to identify WEX placements linked to learners' main vocation and/or aspirational destination. The WEX is also supported with Career Advantage software that provides learning opportunities across the following four different modules:

- Critical Thinking
- Industry Placement
- Social Action and Enterprise
- Industry Placement

Members' Report (continued)

FUTURE PROSPECTS (continued)

Curriculum Beyond Qualifications (continued)

Social inclusion

A wide range of enrichment activities take place across each campus delivered both from a central engagement team and curriculum specific activities. Centrally learners have opportunities to engage in sport activities including football, basketball, rugby, cricket, golf, netball, boxing and taekwondo, yoga, and creative activities including dance and music. Collaborative enrichment activities included introducing an LGBT+ social inclusion group and Dungeons and Dragons social club.

Tutorial

The College introduced a new model for tutorial delivery which introduced a new central team, Student Achievement Team, who delivered the tutorial provision across Study Programmes. The tutorial content covers a wide range of safeguarding, personal development and destination focussed themes. Sessions delivered use a combination of online learning materials, videos, interactive menti and debates to bring in a range of challenging, and sometimes sensitive topics including sexual harassment, consent, prevent, EDI and staying safe themes.

Financial plan

The Corporation approved a three-year financial plan in July 2023 which sets objectives for the period to July 2025. The college aims to build upon its strengths which include evolving our curriculum, increased progression opportunities within the curriculum strategy, and in response to Government and GLA funding priorities.

The plan takes account of the ongoing capital investment and the capital expenditure in respect of the partial disposal and rebuild of the Plumstead campus, and the major refurbishment of part of its Bromley Campus following a successful Further Education Capital Transformation Fund (FECTF) Bid. In addition, there is further significant refurbishment planned for the Technology Centre at Bromley as part of a successful post 16 capacity fund bid, and the addition of new T Level construction facilities following a successful Wave 5 T Level Bid. This all introduces a much higher level of uncertainty for future enrolment levels together with the financial performance, and health of the College. Therefore, some contingencies together with modest assumptions have been included within the plan.

The three-year financial plan has been prepared in accordance with the strategic plan and aims of the College and shows that with the main assumptions and contingencies, the financial performance of the College should be sustained but that this will be challenging in the current economic climate and some financial efficiencies to make cost savings may be required in future years. As the College embarks on a period of major capital investment, cash levels are expected to reduce over the period of the plan.

Reserves Policy

In accordance with its Strategic Plan, the College aims to accumulate reserves in order to provide sufficient cash flows to support the maintenance and improvement of the College estate and equipment. In this regard, the College has been building reserves to support the redevelopment of its Plumstead campus and the major refurbishment of its Bromley campus and these projects have now commenced and are expected to complete by September 2025. In addition, the College holds reserves to provide a degree of protection against adverse changes in the number and/or profile of enrolments and/or in-year reductions to funding allocations.

Members' Report (continued)

FUTURE PROSPECTS (continued)

Reserves Policy(continued)

This will be achieved through:

- Maximising the operating position each year and achieving a cash inflow from operating activities.
- Managing cash flow and liquidity so that variable cash demands can be managed in order to smooth out irregular and cyclical spending and allow for unexpected and unpredictable needs.
- Managing known risks that are not insurable or where insurance does not provide value for money.
- Funding annual capital investment in order to ensure the estate is safe and fit for purpose, and IT and other equipment is up to date and suitable for learning.
- Providing resources for major capital projects including building refurbishments, new buildings, or infrastructure improvements. Reserve levels for this purpose will be agreed on a case by case basis in accordance with the property strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has continued to undertake further work this year to develop and embed its systems of internal control, including financial, operational, and risk management in order to ensure the College is best placed to achieve its objectives.

Based on the strategic plan, the College management team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions during the year.

A risk register is maintained at the College level which is reviewed at each meeting by the Audit & Risk Committee and Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system and the risk register includes the numerous threats posed by the ongoing coronavirus pandemic.

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.

<u>Major Capital Projects impacting on the financial viability/solvency of the College</u>
The College is embarking on a period of significant capital investment including projects for the part disposal of its Plumstead campus and a planned circa £37m rebuild of a new campus on that site. In addition, the College is completing a circa £22m of refurbishments projects at its Bromley campus together with numerous other small capital projects. With complex phasing of these projects together with a period of high construction inflation, difficulties in obtaining some materials, phased disposal proceeds and capital grant to draw down in arrears, these projects present a number of risks which includes the potential to have a material impact on planned cash flows and learner recruitment.

The risk is mitigated in a number of ways:

- Through strong project management and team of professional advisors;

Members' Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Major Capital Projects impacting on the financial viability/solvency of the College (continued)

- The phasing of project cash flows to minimise the use of College reserves wherever possible;
- Regular monitoring of the project budget and cash flow forecasting;
- By building College cash reserves to mitigate the risk of adverse project costs and cash flows;
- Close scrutiny of the project together with the overall College financial position by the Corporation.

Government Funding Levels & Inflationary Pressures

The College has considerable reliance on continued government funding through the ESFA and GLA. In 2022/23 86% of the College's revenue was ultimately public-funded and this level of requirement is expected to continue. Funding rates per learner for the sector have fallen considerably behind inflation since 2010, with very few increases in Youth funding rates over that period, and no increases to some other funding rates. Whilst this burdens the whole Further Education sector with the challenge of how to fund the cost of living and other inflationary increases each year, the recent unprecedented energy price increases and high levels of inflation, and difficulty in recruiting staff are exacerbating the problem. This cumulative impact of 13 years of underfunding is placing significant financial pressures on the College revenue budgets which will ultimately impact upon learners. In addition, this is significantly increasing the cost of major capital projects.

This risk is mitigated in a number of ways:

- By ensuring the College continues to respond to the introduction of reforms, which will include working closely with employers, funding agencies and other Colleges;
- By ensuring the College is rigorous in delivering high-quality education and training;
- Through the strategic alignment of its curriculum offer to job outcomes demand from employers, and government priorities;
- Through strong budgetary control and ensuring the College achieves value for money;
- Through focussing resources on key business priorities;
- Through a relentless focus on the learner experience and achievement.

Recruitment and retention of staff

The current economic climate and historically low funding levels for the sector is having a significant impact on the ability of the College to attract and retain staff. With a number of commercial sectors now offering salaries that the College is unable to compete with, retaining our much valued workforce and attracting staff into the sector is becoming an increasing challenge.

The risk is mitigated in a number of ways:

- Through offering good terms and conditions to staff, including excellent pension benefits, and flexible working wherever possible;
- Through measuring staff satisfaction and ensuring the actions are taken to make improvements for staff;
- Fostering a culture of equality and diversity in which all staff are valued and implementing a health and wellbeing strategy;
- Through offering generous annual leave entitlements including a Christmas closure period;
- Through offering other benefits and rewards to staff such as an annual wellbeing day, volunteering days, etc.

Members' Report (continued)

KEY PERFORMANCE INDICATORS

The College has a number of key performance indicators which are explained below:

The College's main learner-related targets for 2022/23 were:

Key performance indicator	Target	Actual
ESFA Youth Learner Numbers	3,884	3,978
Total Adult Education Budget income	£7.72m	£7.42m
Total Apprenticeships Income	£2.85m	£2.53m
Total HE Income	£2.44m	£2.42m
Ofsted rating	Good	Good

Performance against the AEB, Apprenticeship and HE indicators above is due to under recruitment. The AEB underperformance relates to the ESFA contract.

The College's main financial targets for 2022/23 were:

Key performance indicator	Target	Actual
To maintain or improve the adjusted operating deficit each year (prior to exceptional items & non-cash FRS102 adjustments)	£0.35m	£0.69m
To achieve an Education Specific EBITDA of at least 5% each year	5%	5.8%
Achievement of an annual net cash inflow each year before major capital project expenditure	>£0	£2.7m
An adjusted current ratio target of at least 1.4	2.94	3.5
To maintain a minimum bank balance of £5.5m	£28.6m	£26.4m
Achievement of all annual financial bank loan covenants	Achieved	Achieved

Performance against the FE Commissioner Ratio's and Targets are as follows:-

Key performance indicator	Target	Actual
Adjusted operating position as a % of income	>1	0.8%
Debt service cover	>2	2.8
Cash days in hand	>25	201
Adjusted current ratio	>1.4	3.5
Staff cost (excl restructuring as a % of income (excl. Partner income)	65%	66.7%
Financial Health grade	Good or Outstanding	Good

Members' Report (continued)

KEY PERFORMANCE INDICATORS (continued)

All financial objectives for the year were achieved. Specific financial measures are in place to enable progress against the strategic objectives to be measured. The measures relevant for the duration of this financial plan and performance against those targets are listed in more detail below.

The College is required to complete financial returns for the Education and Skills Funding Agency (ESFA). The financial returns produce a financial health grading and the current rating of 'Good' for 2022/23 is considered to be a significant achievement in the current FE climate and related economic conditions.

In 2022/23, the academic year saw a full return to normal assessment exams, following a few years of the widespread use of a range of assessment adaptations, Centre Assessed Grades, and Teacher Assessed Grades. The impact has been such that the College's historic overall achievement rates declined by 3.2% to 80.1%, with this largely being influenced by a range of factors. However, for 2022/23 we are seeing that there is an improvement in the overall achievement rates to 80.5%. Within this improved performance, managers and teachers know that there is a need to focus the support on learners' achievements in English and Maths as well as their ability to pass external exams. The details of learners' performance are articulated in the college's Self-Assessment Report (SAR), as the SAR is an accurate assessment of the College's overall performance.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days. During this financial period, the College paid 89% of its invoices within 30 days in line with the Treasury target. This is 3% higher than reported in previous year as vacant Processing posts were filled part way through the year. The College incurred no interest charges in respect of late payment for this period.

Equality, Diversity & Inclusion

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. The College values and celebrates diversity of its learners, staff and other stakeholders and is committed to the promotion and advancement of equality in every aspect of its operation. The College will not tolerate any form of discrimination, victimisation or harassment on any grounds. All of the College's learners and members of staff are helped and encouraged to develop their full potential within an ethos which recognises and values the benefits that a diverse workforce supporting a diverse student body can bring to both the local and wider community.

The College complies with the provisions as contained in the Equality Act 2010. Progress toward the achievement of the College's equality objectives, is monitored by the Equality and Diversity Steering Group and regular reports are presented to the Corporation. The College's Equality Policy is published on the College's intranet site.

Disability Statement

The College systematically monitors the diversity of its staff and reviews its recruitment arrangements to support equality and diversity objectives. Equality and Diversity training continues to feature in the Strategic Professional Development Framework, as part of the College's mandatory training requirements.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned and, where disabled candidates disclose their disability to the College and meet the minimum selection criteria, an interview will be offered. Where an existing employee becomes disabled, every effort is made to ensure that their 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 holds the "two ticks" - positive about disabled people - kite mark.

Members' Report (continued)

Disability Statement (continued)

The College is successful in recruiting a very diverse range of students including a significant number of students with disabilities and continues to work to widen access to all actual and potential learners. Specialist programmes and facilities are provided for students with complex needs and the support needs of students disclosing a learning/disability are assessed and support provided as required.

The College is fully compliant with the provisions as contained in the Equality Act 2010 and the requirements of the Special Education Needs and Disability Act 2001 and continues to work to widen access to all actual and potential learners.

Trade union facility time

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

Numbers of employees who were relevant union officials during the year	FTE employee number
6	6

Percentage of time spent on facility time:

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

Percentage of pay bill spent on facility time:

Total cost of facility time	£31,804
Total pay bill	£283,799
Percentage of total bill spent on facility time	11.2%

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time	100%

Members' Report (continued)

Streamlined Energy and Carbon Reporting

Quantification and Reporting Methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2022 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

The electricity and gas energy use was compiled from invoices. Where invoices were unavailable, the data was extrapolated to cover the missing period (pro-rata method) to ensure it falls within a reasonable range. Mileage records were used to calculate energy and emissions from College owned vehicles and grey fleet. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities but occur from sources not owned or controlled by the organisation (scope 3).

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2022/23	2021/22	2020/21
Mandatory requirements:			
Natural gas	4,022,325	6,085,997	5,625,238
Purchased electricity	3,315,372	3,496,475	3,368,224
Transport fuel	119,324	188,618	41,396
Total energy (mandatory)	**7,457,021**	**9,771,091**	**8,809,726**

Breakdown of emissions associated with the reported energy use (tCO_2e)

Emission source	2022/23	2021/22	2020/21
Mandatory requirements:			
Scope 1			
Natural gas	735.8	1,110.9	1,030.3
Transport - Company owned vehicles	41.8	34.1	7.6
Scope 2			
Purchased electricity (location-based)	481.8	676.1	667.4
Scope 3			
Transport – Business travel in grey fleet	8.1	12.2	2.7
Total gross emissions (mandatory)	**1,267.5**	**1,833.3**	**1,708.0**
Intensity ratios (mandatory emissions only)			
Tonnes of CO_2e per staff member	1.55	2.309	2.253
Tonnes of CO_2e per square meter floor area	0.025	0.037	0.033

Members' Report (continued)

Streamlined Energy and Carbon Reporting (continued)

During the year, the College expanded by adding Nido Volans Lambeth into our operations and built estate. In addition, the College has demolished part of the Plumsted site in readiness for our new campus, reducing the size of our Campus by around 2,000sqm.

Intensity measurement
Two intensity ratios are reported showing emissions (tCO_2e) per staff member and per square meter floor area. Emissions per staff member is the recommended ratio for the sector for consistency and comparability. Emissions per square meter floor area is reported to reflect the energy efficiency of the buildings, which are the source of the majority of reported emissions.

Measures taken to improve energy efficiency
The reported energy usage has decreased and the following is a summary of the activities/condition that have supported this position:

(i) Mild weather conditions, meaning we run the heating system less
(ii) Optimisation of our heating and hot water control systems
(iii) Cross College reduction in our heating temperature set points and timings
(iv) More efficient use of our building out of hours and for lettings
(v) Continued upgrading programme of lighting to LED (60-80% more efficient)
(vi) Investment in our heating and ventilation plant, replacing life expired and inefficient components with new highly efficient plant and controls

From April 2023, the College moved its Electricity supply to a REGO certified zero carbon source which has had a major impact on our emissions. Emissions have reduced by 27.8% within 22/23 when compared to 21/22. Emissions in 22/23 compared to 2021/22 have actually reduced in real consumption terms, with a 19.7% reduction in emissions ignoring any adjustment made for our zero carbon electricity supply.

In short, we are consuming 5.17% less electricity during 2022/23, when compared to 2021/22, and also consuming 33.9% less gas in 22/23 when compared to 2021/22.

Looking forwards capital investment and major change is expected to further enhance our dependency on fossil fuels (gas). These include:

(i) Roof replacements with plus 35% (the Building Regulations) insulation
(ii) Addition of air source heat pumps coupled with our existing gas boiler plant for the main Bromley A and B blocks
(iii) Further investment in LED lighting upgrades
(iv) Further investment in plant upgrades and controls

EVENTS AFTER THE REPORTING PERIOD
There are no events after the reporting period.

Going Concern
The College has funding contracts in place with the ESFA for 2023/24 which provide a secure income stream for the year based upon current enrolment levels. In addition, the College has secure loan debt in place until October 2027. The medium-term financial plan for the College has been prepared on a prudent basis and demonstrates that financial performance is expected to be sustained and the College will continue to meet its banking covenants. The plan also shows that the College will have sufficient working capital to meet liabilities as they fall due.

Members' Report (continued)

Going Concern (continued)

The College has secured planning permission for its future Greenwich project and disposed of part of the campus during the year as part of its funding strategy for the project. The new campus will be built on the remaining land owned by the College. This project has been planned and phased to ensure that capital receipts and grants will be ahead of expenditure for the first two years of the project and the College has sufficient cash reserves to fund its required investment in the new building, together with its contribution to the FECTF project to refurbish part of its Bromley Campus, and other major capital projects which are mainly grant funded.

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

Approved by Members of the Corporation on 11 December 2023 and signed on their behalf by:

David Eastgate
Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 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 full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges, and.
iii. Having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Foundation Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in July 2015. A revised version of the Code of Good Governance for English Colleges was published in September 2021 following consultation with the Sector and shared with Corporation Members. In the opinion of the Corporation, the College complies with all the provisions of The Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2023. A further revision of The Code of Good Governance for English Colleges has been ongoing through the period, with consultation with the sector and new Code has been approved by the DfE and will publish in early Autumn 2023.

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

The College works closely with London & South East Academies Trust (LSEAT), and in April 2018 the independent boards of each entity agreed to work together to further their strategic aims as London & South East Education Group (LSEEG). Although not a legal entity, LSEEG had a collective turnover circa £85m in 2022/23.

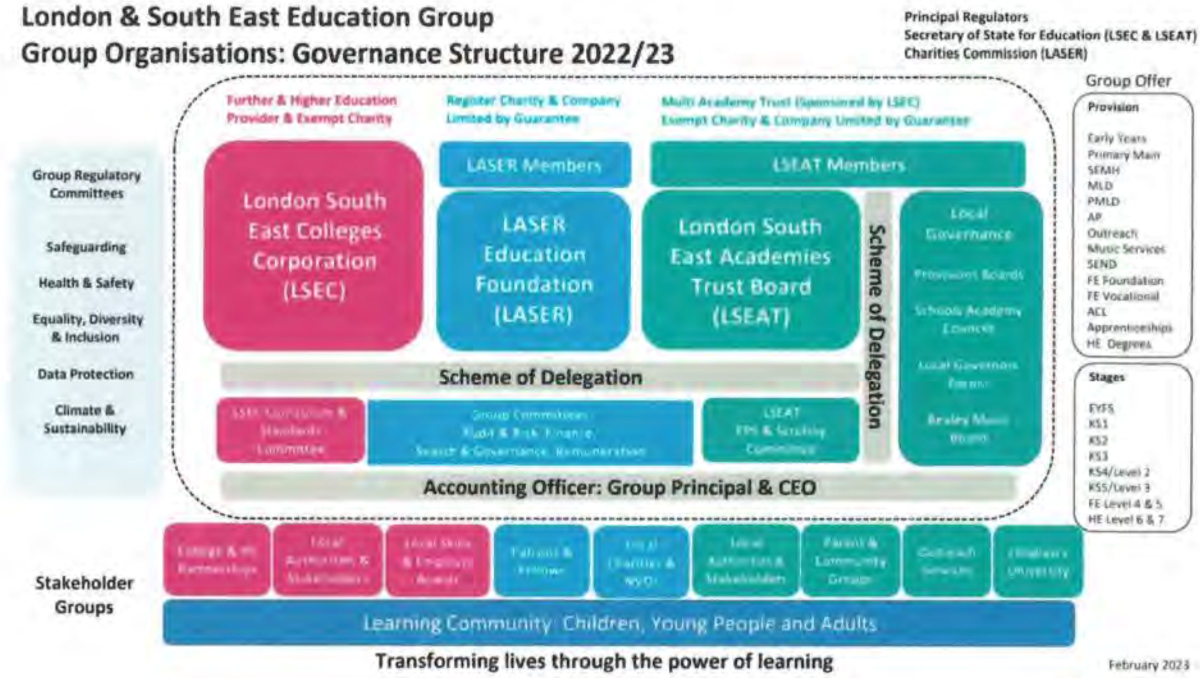
LSEEG is the umbrella organisation to co-ordinate the strategy of the organisations and to optimise and strengthen both governance and collaboration between group entities. This is achieved through schemes of delegation (subject to their non-delegable primary governance responsibilities and authority; their regulatory obligations; and management of potential conflicts of interest). The Group is not a legal entity and organisations as members of the Group are not subsidiary companies which are controlled or owned by LSEEG.

Statement of Corporate Governance and Internal Control (continued)

In January 2023, the College and Trust, as Founding Members approved the formation of a registered charity, London South East Region (LASER) Education Foundation. The charity, has been constituted with aligned charitable objectives to support the College and Trust though fundraising, philanthropy, sponsorship and research and to further enhance the reputation, reach and engagement of the College and Trust with local communities and key stakeholders.

The Group rationale is borne from a shared mission vision and values and seeks to optimise governance alignment through a Group Strategy and provide efficiencies across the organisations. Built on charitable principles and a co-incidence of interest, the Group ethos is founded upon high-quality teaching and learning, the development of curriculum models fitting each school and cohort and a core and bespoke school improvement strategy which focuses on our shared strength.

Governors and Trustees have been appointed to the Group Board, Independent Legal Boards and the Joint LSEEG Co-ordinating Committees, ensuring that a balanced combination of Governors and Trustees are represented on the each of these, as defined by the relevant Articles of Association and the Group Organisation Scheme of Delegation. Details of the group governance arrangements are shown below:-



The Corporation

The members, who served on the Corporation during the year and up to the date of signature of this report, are as listed below. The Corporation conducts its business through meetings of the full Board and a number of Committees: Group Audit and Risk (A), Group Search & Governance (GSG), Group Remuneration (GR), Group Finance (F) and Curriculum & Standards (C&S). Each Committee has terms of reference, which have been approved by the Corporation, these are published within the Standing Orders available on the College website. The Clerk to the Corporation maintains minutes of meetings and a register of members' financial and personal interests, which are available for inspection, on request to the Group Executive Director of Governance. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.lsec.ac.uk.

The list of Members who served during the period of the financial statements is recorded in the following table below.

Statement of Corporate Governance and Internal Control (continued)

Members of the Corporation serving on the College Board during 2022/23

London South East Colleges (LSEC) Corporation							
Name	**Appointed**	**Tenure**	**Role**	**Meetings**	**Attended**	**%**	**Resigned**
David Eastgate	09/07/2020	4 years	Chair	6	6	100%	
Dr Sam Parrett	n/a	n/a	Governor	6	6	100%	
Jane Hobson	01/11/2018	4 years	Governor	1	1	100%	08/12/2022
Mark Trinick	11/12/2019	4 years	Governor	6	5	83%	
Louise Nadal	06/01/2020	4 years	Vice Chair	6	5	83%	
Lucie Allen	09/07/2020	4 years	Governor	6	3	50%	
Ayorinde John	09/07/2020	4 years	Governor	3	2	67%	23/03/2023
Chinyama Okunuga	21/10/2020	4 years	Governor	5	2	40%	31/07/2023
David Bailey	21/10/2021	4 years	Governor	6	5	83%	
Joanne Bell	08/12/2021	4 years	Governor	6	2	33%	
Lucy Butler	21/10/2021	4 years	Governor	3	3	100%	01/05/2023
Angela Hands	13/07/2022	4 years	Governor	6	6	100%	
Mark Burnett	13/07/2022	4 years	Governor	3	3	100%	
Vince Fihosy	13/10/2022	4 years	Governor	5	5	100%	
Darren Kirwin	23/03/2023	4 years	Governor	1	1	100%	
Tony Gilbey	23/03/2023	4 years	Governor	1	1	100%	
Sarah Lewis	23/03/2023	4 years	Governor	1	1	100%	
Kate Shiner	23/03/2023	4 years	Governor	2	2	100%	
Teresa Langford/Maz Potts/ Lola Oluntime	18/12/2022	4 years	Co-Staff Governors	6	6	100%	
Monesse Lambert	18/12/2022	1 year	Student Governor	5	5	100%	
			Total Attendance	84	70	83%	

David Eastgate, Chair of the Corporation was appointed Chair from 1 January 2022.

The Corporation is provided with regular and timely information on the overall performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. A Full Corporation Meeting was convened six times during the year.

All Corporation members are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the independent Clerk to the Corporation (the Group Chief Governance Officer), who is responsible to the Board for ensuring compliance with all applicable legislation, procedures and regulations.

The appointment, evaluation and removal of the Group Chief Governance Officer are matters for the Corporation as a whole.

Clear and robust Terms of Reference have been approved for each Board and Committee alongside Schemes of Delegation. These all provide assurance together with strong governance accountability across the Group and the Legal Boards formal agendas, papers and reports are supplied to Corporation members and each Group Committee in a timely manner, prior to meetings. Briefings are provided on an ad-hoc basis.

Statement of Corporate Governance and Internal Control (continued)

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer (CEO & Principal) of the College are separate.

Following the success of online meetings during covid and increased participation and engagement the Corporation continue to offer hybrid meetings with Board Meetings in person and Committee Meetings online.

A Governors Links and Visits Programme was in operation throughout 2022/23 with Governors visiting most areas of the college and sites, engaging with both staff and students.

Scrutiny of teaching and learning and oversight of the student experience was covered within the Curriculum & Standards Committee and within reports to the Corporation and observed during the visits and links programme.

Appointments to the Corporation
Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole following recommendation from the LSEEG Governance & Search Committee. This Committee comprises four members of the LSEC and Group Board, with the power of co-option of further members external to the College or College staff with particular expertise when vacancies arise where a person with a certain background may be required. This Joint Group Co-ordinating Committee is responsible for the selection and nomination of any new member consideration. The Board is responsible for ensuring that appropriate training is provided as required and the Clerk to the Corporation is designated to support and facilitate the training and induction of new Governors.

The Corporation has agreed to adhere to the recommendation in the AoC Code of Good Governance for English Colleges that no members should serve more than two terms of office (or eight years).

Members of the Corporation are appointed for a term of office not exceeding four years, with the exception of student members who are appointed for a term of office not exceeding one year.

Corporation performance
The Corporation is responsible for the strategic oversight of the College, is the guardian of public money and ensures its effective and efficient use. Self-evaluation is a process for the Board to consider its effectiveness and impact and at LSEC an annual self-evaluation of the board and individual members of the Corporation has taken place since 2019.

The self-assessment framework used at LSEC aligns to the AOC Code of Good Governance for English Colleges' expectations, in setting out core values. The Code adopts and builds on the Seven Principles of Public Life which provide an ethical framework for the personal behaviour of governors.

The Code is based on a number of expectations of good governance, which illustrate the values and beliefs of college governors, and which are included in the LSEC Board Review.

Underpinning the self-assessment of the LSEC Board is the acceptance of the ten principal responsibilities and objectives for Governors at LSEC as below.

Statement of Corporate Governance and Internal Control (continued)

1. Formulate and agree the mission and strategy including defining the ethos of the organisation.
2. Be collectively accountable for the business of the organisation taking all decisions on all matters within their duties and responsibilities.
3. Ensure there are effective underpinning policies and systems, which facilitate the pupil or student voice.
4. Foster exceptional teaching and learning.
5. Ensure the organisation is responsive to workforce trends by adopting a range of strategies for engaging with employers and other stakeholders.
6. Adopt a financial strategy and funding plan which are compatible with the duty to ensure sustainability and solvency of the organisation.
7. Ensure that effective control and due diligence takes place in relation to all matters including acquisitions, subcontracting and partnership activity.
8. Meet and aim to exceed statutory responsibilities for equality and diversity.
9. Ensure that there are organised and clear governance and management structures with well understood delegations.
10. Regularly review governance performance and effectiveness.

As part of the College's self-assessment process, the Corporation conducted a self-assessment of its own performance for the year ended 31 July 2023. This identified key areas of strength and challenge together with areas that required development and growth in capacity to improve governance effectiveness. A Board Action plan is in place to address areas where there is capacity to improve, and the overall assessment of the Corporation is that its governance for the year was effective.

An important output of individual Governors' reviews and the Board overall review is the assessment and training and development needs identified. Both individually and collectively the Board is invited to training and development activities, through the Association of Colleges, Education Training Foundation and bespoke updates on government policy changes and Ofsted. Some training and development are designated specifically for the Chair, Vice Chair and Committee Chairs. This supports succession planning and board recruitment ensuring that there is the right mix and balance of skills and experience on the Corporation who can ask the difficult questions, scrutinise and hold the Executive Team to account.

Throughout 2022/23, members of the Corporation have participated in training and developing events, including networking events for Chairs and Vice Chairs, Finance Committee Chair Training, Audit and Curriculum & Standards Networking Events. The Board has also received updated guidance from external professional bodies, on ONS, Ofsted EIF and the Post 16 Education & Training Act 2022.

The Group Chief Governance Officer and Clerk to the Board has also participated in a number of networking and training and development sessions including, Ofsted, ONS and AoC/IoD networking and professional development sessions.

The Group CEO and Group CFO are also both NLFEs and participate in professional development to support their work with underperforming FE Corporations and Colleges in the sector .

With the regulatory requirement of the Corporation to complete an external review, the Corporation has planned for the external review to now take place in Spring 2024.

Statement of Corporate Governance and Internal Control (continued)

Group Remuneration Committee

Throughout the year ended 31 July 2023, the Group Remuneration Committee comprised three members of the LSEC and LSEEG Boards. The Committee's responsibilities are to make recommendations to the Group Board and Corporation on the remuneration and benefits of the CEO & Principal, senior post-holders, and other senior staff in accordance with the Group Executive Pay Policy approved by the Corporation.

The College has adopted the AoC's Senior Staff Remuneration Code and to the extent to which it applies, the Higher Education Senior Staff Remuneration Code issued by the Committee of University Chairs (CUC). The remuneration for the CEO & Principal is considered annually by the Group Remuneration Committee, which makes a recommendation to the Corporation regarding the remuneration of the CEO & Principal. The CEO & Principal is not involved in setting their remuneration.

As indicated elsewhere in these financial statements, London South East Colleges is a successful leading provider of further and higher education in South East London with an annual turnover of circa £53m, over 10,590 students and 938 members of staff (Headcount), with activities across seven campuses in South East London. Like other providers of further education, the College operates under significant financial constraints in an increasingly competitive student market, linked to demographic factors and regular changes in government policy.

The role of the CEO and Principal also covers London & South East Academies Trust (LSEAT). As a Multi Academy Trust, LSEAT consists of 9 Schools which are a mixture of Special, Alternative Provision, and Primary. The Trust has an annual turnover of circa £32m, over 1,170 pupils, and 565 members of staff. Collectively, these organisations form the London and South East Education Group, for which the CEO and Principal is responsible.

The other factors considered by the Committee in determining the appropriate remuneration for the CEO and Principal include the result of a job evaluation and benchmarking exercise this was last completed by Korn Ferry Group in early 2021 using benchmarking data on heads of similar institutions an exercise that will be repeated in Autumn 2023.

In addition, the Committee consider the assessment by the Chair and Corporation of the personal performance of the CEO & Principal against agreed objectives, together with the overall performance of the business. A similar approach was also used to determine the remuneration of the Group Executive Officers including the Group Chief Governance Officer. Taking these factors into account, the Corporation considers the remuneration of the CEO and Principal to be fair, appropriate, and justifiable.

Details of remuneration for the year ended 31 July 2023 are set out in note 7 to these financial statements.

Statement of Corporate Governance and Internal Control (continued)

Group Remuneration Committee (continued)

Details of the attendance of Remuneration Committee Members during 2022/23 are set out below:-

GROUP REMUNERATION COMMITTEE				
Role	**Name**	**Meetings**	**Attended**	**%**
Group Remuneration Committee Chair	Stephen Howlett, CBE DL	3	3	**100**
Chair LSEC Corporation	David Eastgate	3	3	**100**
Chair London South East Academies Trust	Christine Whatford CBE	3	3	**100**
		9	9	100
Group Chief People Officer	Janet Curtis Broni	3	3	**100**
Group Chief Governance Officer	Jennifer Pharo	3	3	**100**

Group Audit and Risk Committee

The Group Audit and Risk Committee comprises up to four members of the College Corporation and LSEEG Boards, but not the Chair or CEO & Principal. The Committee operates in accordance with written terms of reference approved by the Corporation and Group Board.

The Group Audit and Risk Committee meets on a termly basis and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

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

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

The Group Audit and Risk Committee is required to report to the Corporation on the result of its work during the year and that of the internal and external auditors through its annual Audit Committee Report, for 2022/23. This report is considered by the Corporation prior to the financial statements being approved.

Details of the attendance of Audit & Risk Committee Members during 2022/23 are set out below:-

Statement of Corporate Governance and Internal Control (continued)

Group Audit and Risk Committee (continued)

GROUP AUDIT & RISK COMMITTEE					
Role	**Name**	**Meetings**	**Attended**	**%**	**Comment**
Group Audit Chair and Risk Chair	Marek Michalski	3	3	**100%**	
Governor	Lucy Butler	2	2	**100%**	
Trustee	Nick Linford	2	2	**100%**	
Governor	Ayorinde John	2	2	**100%**	
Trustee	David Bailey	1	1	**100%**	
Governor	Sarah Lewis	1	1	**100%**	
Internal Auditors	Scrutton Bland	3	3	**100%**	
External Auditors	Buzzacott	3	3	**100%**	
Total Participation		**17**	**17**	**100%**	
Group Chief Governance Officer	Jennifer Pharo	3	3	**100%**	

Group Finance Committee

The Group Finance Committee comprises four members of the College Corporation and LSEEG Boards. The Committee operates in accordance with written terms of reference approved by the Corporation and Group Board.

The Committee meets on a termly basis and provides additional scrutiny over financial performance of the College and related policies. Through this work, it provides assurances to the Corporation that financial performance, oversight, and solvency are being managed effectively.

Details of the attendance of the Group Finance Committee Members during 2022/23 is set out below:-

GROUP FINANCE COMMITTEE				
Role	**Name**	**Meetings**	**Attended**	**%**
Group Finance Chair	Agela Hands	3	3	**100%**
Trustee	Charles Yates	3	3	**100%**
Trustee	Dr Sam Parrett, CBE	3	3	**100%**
Governor	David Eastgate	3	3	**100%**
Governor	Joanne Bell	3	3	**100%**
Trustee	Danny Kwalombota	3	3	**100%**
Governor	Tony Gilbey	1	1	**100%**
Trustee	Sarah Servantes	1	1	**100%**
Total Participation		**20**	**20**	**100%**
Group Chief Governance Officer	Jennifer Pharo	3	3	**100%**

Statement of Corporate Governance and Internal Control (continued)

Group Search & Governance Committee

The Group Search & Governance Committee comprises four members of the College Corporation and LSEEG Boards. The Committee operates in accordance with written terms of reference approved by the Corporation and Group Board.

The Committee meets on a termly basis and provides scrutiny on appointment of Governors, identifies skills gaps in the Board, oversees the delivery of the Board Self-Assessment and performance reviews of Governors. The Committee also provides direction on strategic and policy matters, recommends Group wide policies, Committee Terms of Reference, Committee Membership and Governor Link Schemes.

Details of the attendance of the Group Search & Governance Committee Members during 2022/23 is set out below:-

GROUP SEARCH & GOVERNANCE COMMITTEE				
Role	**Name**	**Meetings**	**Attended**	**%**
Group Search & Governance Committee Chair	Stephen Howlett, CBE DL	3	3	**100%**
Chair London South East Academies Trust	Christine Whatford, CBE	3	3	**100%**
Chair LSEC Corporation	David Eastgate	3	3	**100%**
Governor & Trustee	Dr Sam Parrett, CBE	3	3	**100%**
Total Participation		12	12	100%
Group Chief Governance Officer	Jennifer Pharo	3	3	**100%**

Curriculum & Standards Committee

The Curriculum & Standards Committee comprises eight members of the College Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Committee meets on a termly basis and provides scrutiny and oversight on student outcomes and progress, the quality of teaching and learning and curriculum and qualification development. The Committee also seeks assurance on the student experience, complaints and safeguarding policy and procedures.

Details of the attendance of the curriculum and Standards Committee Members during 2022/23 are set out below:-

LSEC CURRICULUM & STANDARDS COMMITTEE				
Role	**Name**	**Meetings**	**Attended**	**%**
Committee Chair	Mark Trinick	3	3	**100%**
Governor	Jane Hobson, OBE	1	1	**100%**
Governor	Angela Hands	3	3	**100%**
Governor	Lucie Allen	3	3	**100%**
Governor	Louise Nadal	3	2	**67%**
Governor	Chinyama Okunuga	3	2	**67%**
Governor	Mark Burnett	3	2	**67%**
Governor	Kate Shiner	1	1	**100%**
Governor	Dr Sam Parrett, CBE	3	3	**100%**
		23	20	87%
Group Chief Governance Officer	Jennifer Pharo	3	3	**100%**

Statement of Corporate Governance and Internal Control (continued)

Internal Control

Scope of Responsibility

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

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

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- Regular reviews by the Corporation of periodic and annual financial reports, which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

The risk and control framework (continued)

At least annually, the Internal Auditor provides the Audit Committee of the Corporation with a report on internal audit activity in the College. The report includes the Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, control and governance processes.

Risks Faced by the Corporation

The College has in place a Risk Management Policy which sets out how risks are identified and evaluated. Risks are collated into a comprehensive risk register for review by the Audit Committee and Corporation, including through deep dives into areas of significant risk. The risk register includes existing controls, new controls/improvements that are required, and clear links to the board assurance framework.

Responsibilities under Funding Agreements

The Department for Education and Education and Skills Funding Agency introduced new controls for the college on 29 November 2022 on the day that the Office for National Statistics reclassified colleges as public sector organisations in the national accounts. The ESFA chief executive communicated these changes to all college accounting officers and explained plans to introduce a college financial handbook in 2024. A series of bite size guidance documents were issued by the DfE on the key changes that required oversight and authority from the DfE. The college has reviewed its policies, procedures and approval processes in line with these new requirements to ensure there are systems in place to identify and handle any transactions for which DfE approval is required.

Statement from the Audit & Risk Committee

The Audit & Risk Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the Corporation has effective internal controls in place.

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

- Scrutiny and review of the findings of the planned internal auditors programme of work including the following areas and an analysis of any value added points provided by the internal auditors and areas of good practice.

    - Learner Enrolment
    - Trips and Visits
    - Health & Safety
    - Gatsby Career Development and IAG
    - T-level delivery plans
    - Cyber Security
    - Environmental and Social Value
    - ESFA Student Funding
    - Student Destinations
    - Key Financial Controls
    - Human Resources Performance Management
    - Single Central Record
    - Subcontracting Standards

Statement of Corporate Governance and Internal Control (continued)

Statement from the Audit & Risk Committee (continued)

- Consideration of the impact of ONS reclassification and directives of the FE Commissioner, proposed changes to the Governance Code and external Governance reviews.
- Review of the annual Board Assurance Framework, Value for Money and Subcontracting Controls.
- Review and assessment of the internal and external auditors' performance.
- The committee carried deep dive scrutiny on Capital Projects and the Ofsted Readiness.
- As a standing item at every meeting, the Committee completed a full review of the Risk Registers including analysis of increased and decreasing risks.

Review of effectiveness

As Accounting Officer, the Group CEO & Principal has responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- Comments made by the College's financial statements auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the 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. A plan to address weaknesses and ensure continuous improvement of the system is in place.

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 11 December 2023 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

The Internal Auditors Annual Report, presented to the Group Audit Committee on 22 November 2023, and the Audit Committee's Annual Report, approved on 22 November 2023 contain the opinion that the College has adequate and effective risk management, governance, and internal control processes, together with adequate processes surrounding its efficiency and effectiveness.

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

Statement of Corporate Governance and Internal Control (continued)

Approved by Members of the Corporation on 11 December 2023 and signed on its behalf by:

David Eastgate
Chair

Dr Sam Parrett, CBE
Group CEO & Principal, and 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, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

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

During the year, the College was the victim of a small payment diversion fraud totalling £8,250 perpetrated by a member of staff which was quickly discovered and investigated independently. The actions arising from this review have been implemented and our controls improved to help ensure there is no future recurrence. Steps are being taken to recover the small loss through debt collection agencies alongside the criminal investigation.

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

Dr Sam Parrett, CBE
Accounting officer
11 December 2023

Statement of the Chair of Governors

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

David Eastgate
Chair of governors
11 December 2023

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA *and GLA*, the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the Corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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

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

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

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

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

Statement of Responsibilities of the Members of the Corporation (cont.)

Approved by order of the members of the Corporation on 11 December 2023 and signed on its behalf by:

David Eastgate
Chair of governors

Independent auditor's report to the Corporation of Bromley College of Further and Higher Education

Opinion

We have audited the financial statements of Bromley College of Further and Higher Education for the year ended 31 July 2023 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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;
- in all material respects, funds provided by the OfS, the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the OfS's accounts direction have been met.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members of 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 College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report to the Corporation of Bromley College of Further and Higher Education (continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept;
- the 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.

We have nothing to report to you in respect of the following matter, in relation to which the Office for Students requires us to report to you, if in our opinion:

- the College's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are 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 members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the Corporation of Bromley College of Further and Higher Education (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 engagement partner 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 College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- 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 College'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 to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

Independent auditor's report to the Corporation of Bromley College of Further and Higher Education (continued)

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 Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors.

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 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 members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's members 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 College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date: 20 December 2023

Reporting Accountant's Assurance Report on Regularity to the Corporation of the College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 22 August 2023 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Bromley College of Further and Higher Education (the College) during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the department has other assurance arrangements in place.

This report is made solely to the Corporation of the College and the Education and Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of the College and Education and Skills Funding Agency 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 the College and Education and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the College and the reporting accountant

The Corporation of the College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and 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 Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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.

Reporting Accountant's Assurance Report on Regularity to the Corporation of the College and Secretary of State for Education acting through the Department for Education ("the Department") (continued)

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of self-assessment questionnaire including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

20 December 2023

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date

Statements of Comprehensive Income

Year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Income			
Funding body grants	2	38,728	36,337
Tuition fees and education contracts	3	4,985	5,979
Other grants and contracts	4	7,363	7,112
Other Income	5	1,725	1,010
Investment income	6	717	18
Total income		53,518	50,456
Expenditure			
Staff costs	7	34,193	33,829
Other operating expenses	8	15,419	13,876
Depreciation	12	4,248	4,248
Interest and other finance costs	9	273	782
Total expenditure		54,133	52,735
Deficit before other gains and losses and tax		(615)	(2,279)
Gain on disposal of assets		8,873	—
Surplus/(Deficit) before taxation		8,258	(2,279)
Taxation	10	—	—
Surplus/(Deficit) for the year		8,258	(2,279)
Actuarial gain on defined benefit pensions	24	1,575	42,551
Total Comprehensive income for the year		9,833	40,272
Represented by:			
Restricted comprehensive income		447	454
Unrestricted comprehensive income		9,306	39,818

Statements of Changes in Reserves

Year ended 31 July 2023

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Total
	£'000	£'000	£'000	£'000
Balance at 1 August 2021	**(5,840)**	**13,419**	**631**	**8,210**
Deficit from the income and expenditure account	(2,279)	—	—	**(2,279)**
Other comprehensive income	42,551	—	—	**42,551**
Transfers between revaluation and income and expenditure reserves	680	(546)	(134)	—
Balance at 1 August 2022	**35,113**	**12,872**	**497**	**48,482**
Surplus from the income and expenditure account	8,258	—	—	**8,258**
Other comprehensive income/(expenditure)	1,575	—	(7)	**1,568**
Transfers between revaluation and income and expenditure reserves	6,720	(6,720)	—	—
Total comprehensive income/(expenditure) for the year	**16,553**	**(6,720)**	**(7)**	**9,826**
Balance at 31 July 2023	**51,667**	**6,152**	**490**	**58,310**

Balance Sheet
as at 31 July 2023

Non-current assets	Notes	2023 £'000	2022 £'000
Tangible fixed assets	12	66,945	75,285
Long Term Debtors	13	1,444	-
		68,389	75,285
Current assets			
Trade and other receivables	14	9,978	1,574
Short Term Deposits		5,102	-
Cash and cash equivalents	19	21,333	20,175
		36,413	21,749
Less: Creditors – amounts falling due within one year	15	(12,969)	(15,656)
Net current assets		23,444	6,093
Total assets less current liabilities		91,833	81,378
Less: Creditors – amounts falling due after more than one year	16	(32,607)	(31,799)
Provisions			
Defined benefit obligations	18	-	-
Other provisions	18	(916)	(1,097)
TOTAL NET ASSETS		58,310	48,482
Reserves			
Restricted reserves – LSEC		43	43
Restricted reserves - LSFG		447	454
Income and expenditure account		51,667	35,113
Revaluation reserve		6,152	12,872
Total Reserves		58,310	48,482

The financial statements on pages 51 to 80 were approved and authorised for issue by the Corporation on 11 December 2023 and were signed on its behalf on that date by:

David Eastgate
Chair

Dr Sam Parrett, CBE
Group CEO & Principal, and Accounting Officer

Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(615)	(2,279)
Adjustment for non-cash items			
Depreciation		4,248	4,248
(Increase)/decrease in debtors due within one year		(1,343)	783
(Decrease)/increase in creditors due within one year		(2,687)	1,455
Increase/(decrease) in creditors due after one year		1,675	(1,563)
Decrease in provisions		(181)	(203)
Pensions costs less contributions payable		1,575	3,767
Adjustment for investing or financing activities			
Investment income	6	(261)	(18)
Interest payable	9	263	151
Net cash inflow from operating activities		2,674	6,341
Cash flows from investing activities			
Proceeds from sale of fixed assets		8,873	—
Disposal of non-current asset investments		7,826	—
Investment income		261	18
Increase in capital debtors due within one year		(7,061)	—
Increase in capital debtors due after one year		(1,444)	—
New Deposits		(5,102)	—
Payments made to acquire fixed assets		(3,733)	(3,178)
		(380)	(3,160)
Cash flows from financing activities			
Interest paid	9	(263)	(151)
Repayments of amounts borrowed		(873)	(1,152)
		(1,136)	(1,303)
Increase in cash and cash equivalents in the year		**1,158**	**1,878**
Cash and cash equivalents at start of the year	19	20,175	18,297
Cash and cash equivalents at end of the year	**19**	**21,333**	**20,175**

Notes to the Financial Statements

1. 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 2022 to 2023 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Going concern
The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members report. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £4.2m of term loans outstanding with Barclays Bank on terms negotiated in 2022 for a period of 5 years which is secured by a fixed charge on College assets. The College's forecasts and financial projections indicate that it will be able to operate within its existing bank facility levels for the foreseeable future. The College has submitted copies of its 3 year financial plans to the ESFA and its providers of loan finance for review and no going concern issues have been raised.

The Corporation considers that it continues to be a going concern and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Recognition of income

Revenue Grant Funding
Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the OFS represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Comprehensive Income. Should part of this grant be 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.

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital Grant Funding
Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

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

Investment Income
All income from short-term deposits is credited to the statement of comprehensive income in the period in which it is earned on a receivable basis.

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

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

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Accounting for post-employment benefits (continued)

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

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

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

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

Actuarial gains and losses are recognised immediately in other actuarial gains and losses.

The LGPS surplus is not carried on the balance sheet in accordance with the requirements of FRS 102. Accordingly, a corresponding adjustment against the actuarial gain has been made to bring the net LGPS position to £nil on the balance sheet.

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

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

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Non-current assets - Tangible fixed assets

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made 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 College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 15 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

- 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

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Non-current assets - Tangible fixed assets (continued)

Equipment

Equipment costing less than £5,000 per individual item is recognised as expenditure in the period of acquisition, with the exception of the annual IT equipment upgrade which may include individual items below this level but is capitalised at cost. All other equipment is capitalised at cost and depreciated on a straight-line basis over the following periods:

- Computer equipment: 3 - 5 years
- Smartboards: 5 - 10 years
- Office equipment: 3 - 5 years
- Furniture, fixtures and fittings: 5 - 10 years
- Plant 15 - 20 years

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding agency capital equipment grants, the associated assets are designated as grant -funded assets.

Cash and cash equivalents

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

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

Short term deposits

Short term deposits are fixed term deposit accounts with a maturity date between three and twelve months.

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Taxation

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

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

Provisions and contingent liabilities

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

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

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

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the College's tangible assets, including goodwill. 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.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Key sources of estimation uncertainty

Tangible fixed assets
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Local Government Pension Scheme
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements (continued)

2 Funding Council Grants

Recurrent grants	2023 £'000	2022 £'000
Education and Skills Funding Agency – adult	**11,089**	8,596
Education and Skills Funding Agency – 16-18	**23,624**	23,400
Education Funding Agency – Apprenticeships	**2,203**	2,572
Higher Education Funding Council	**85**	71
Specific Grants		
Releases of government capital grants	**1,727**	1,698
Total	**38,728**	**36,337**

Included within the above are:

OfS Grants and income	2023 £'000	2022 £'000
HE Recurrent Grant	**85**	72
HE Contracts and Fees	**2,018**	2,425

3 Tuition fees and education contracts

	2023 £'000	2022 £'000
Adult education fees	**1,322**	1,720
Apprenticeship fees and contracts	**1,057**	1,017
Fees for FE loan supported courses	**587**	817
Fees for HE loan supported courses	**600**	1,262
Total Tuition Fees	**3,566**	4,816
Education contracts	**1,418**	1,163
Total	**4,985**	**5,979**

Notes to the Financial Statements (continued)

4 Other grants and contracts

	2023 £'000	2022 £'000
Other grants and contracts	7,363	7,112
Total	**7,363**	**7,112**

5 Other income

	2023 £'000	2022 £'000
Catering and residences	**338**	166
Other income generating activities	**150**	136
Miscellaneous income	**1,237**	708
Total	**1,725**	**1,010**

Miscellaneous income includes £856k of a PAN London Project grant income in 2022/23.

6 Investment income

	2023 £'000	2022 £'000
Bank Interest received	**261**	18
Other investment income (unrealised)	**456**	-
Total	**717**	**18**

Other investment income (unrealised) represents income on investment held with Kingswood Group.

Notes to the Financial Statements (continued)

7 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as head count, was:

Headcount basis	**2023 No.**	**2022 No.**
Teaching staff	434	438
Non-teaching staff	504	475
Total	**938**	**913**

Staff costs for the above persons

	2023 £'000	**2022 £'000**
Wages and salaries	**28,121**	**28,193**
Social security costs	**2,175**	**2,120**
Other pension costs	**3,602**	**3,447**
Payroll Sub Total	**33,898**	**33,760**
Redundancy & restructuring costs – Contractual	**296**	**69**
Total Staff Costs	**34,193**	**33,829**

Staff Severance Payments

Within the redundancy and restructuring costs referred to above, the College paid 8 severance payments during the year in the following bands:-

Band	**No. of staff**
£0 - £25,000	8

Included in staff restructuring costs are special severance payments totalling £60,525.96 (2022: £19,117.50). Individually, the payments were: £14,100.98, £12,716.00, £12,538.50, £6,751.50, £5,000, £5,000, £2,490.98 and £1,929.00.

Notes to the Financial statements (continued)

7 Staff costs (continued)

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 Executive Team which comprised the Group CEO & Principal, College Executive Principal & Chief Learning Officer, Group Chief Financial Officer, Group Chief Strategy Officer, Group Chief People Officer, and Group Chief Technology and Information Officer.

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

	2023 No.	2022 No.
The number of key management personnel including the CEO & Principal was:	6	6

Of the Key Management Personnel, the Group Chief Executive Officer, and Group Chief Financial Officer have separate contracts of employment covering their work for London & South East Academies Trust (LSEAT). The values reported below represent the emoluments paid in respect of the duties of employment for the College Group. The value of the work carried out for LSEAT will be reported in the accounts of that entity as appropriate.

Notes to the Financial statements (continued)

7 Staff costs (continued)

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

	Key management personnel		Other staff	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,001 to £65,000	-	-	2	6
£65,001 to £70,000	-	1	8	6
£70,001 to £75,000	-	-	3	3
£75,001 to £80,000	-	-	1	2
£80,001 to £85,000	-	-	-	2
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	1	-	2	-
£95,001 to £100,000	-	-	-	2
£100,001 to £105,000		1	1	2
£105,001 to £110,000	-	-	1	-
£110,001 to £115,000	1	1	1	-
£115,001 to £120,000	-	1	-	-
£120,001 to £125,000	2	1	-	-
£130,001 to £135,000	1	-	-	-
£210,001 to £215,000	-	1	-	-
£220,001 to £225,000	1	-	-	-
	6	**6**	**20**	**23**

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	**£'000**
Salaries	722	680
Retention and additional responsibility allowances	28	25
Payment for untaken annual leave	33	12
Employer's National Insurance	107	100
Flexible benefits	25	25
Total Key management personnel compensation	**915**	**842**
Pension contributions	119	105
Total emoluments	**1,034**	**947**

Notes to the Financial Statements (continued)

7 Staff costs (continued)

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place. The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer).

	2023 £'000	2022 £'000
Salaries	166	170
Retention and additional responsibility allowances	10	10
Payments for untaken annual leave	23	9
Flexible benefits	25	25
	224	214
Pension contributions	—	—

The Governors adopted AoC's Senior Staff Remuneration Code in July 2020 and assessed pay in line with its principles.

The remuneration package of key management staff, including the CEO & Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The CEO & Principal reports to the Governors, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of CEO & Principal pay and remuneration expressed as a multiple

	2023	2022
CEO & Principal's basic salary as a multiple of the median of all staff	4.8	4.9
CEO & Principal and CEO's total remuneration as a multiple of the median of all staff	4.7	4.7

The Members of the Corporation, other than the Group CEO & Principal and the staff members did not receive any payment from the College, other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the Financial Statements (continued)

8 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	**5,362**	4,861
Non-teaching costs	**4,742**	4,907
Premises costs	**5,315**	4,108
Total	**15,419**	**13,876**

Other operating expenses include:

	2023 £'000	2022 £'000
Auditors' remuneration:		
Financial statements audit	**61**	55
Other services provided by statutory auditor	**5**	10
Internal audit	**74**	66
Hire of assets under operating leases	**181**	**237**

9 Interest payable

	2023 £'000	2022 £'000
On bank loans, overdrafts and other loans:	**263**	151
Pension finance costs (note 24)	10	631
Total	**273**	**782**

10 Taxation

The College was not liable for any Corporation tax arising out of its activities during this year.

11 Write-offs and Losses, Guarantees and Letters of Comfort.

The College pays close attention to the control of debts, but never the less, there is inevitably a need to write off some debts after debt collection procedures have been exhausted, or is not economically viable to pursue the remaining debt. During the year the total value of debts written off was £99,982.52, with the debts above £5,000 being written-off being listed below together with the rationale for the write-off:-

Value	Reason
£24,166	Student left, neither LA will accept responsibility or negotiate. Not economically viable to collect.
£11,904	Student left, neither LA will accept responsibility or negotiate. Not economically viable to collect.
£5,904	Student left, neither LA will accept responsibility or negotiate. Not economically viable to collect.

The College has not provided any guarantees outside of its normal course of business and has not provided any letters of comfort to any entity.

Notes to the Financial Statements (continued)

12 Tangible fixed assets

	Freehold Land & Buildings	Assets Under Construc tion	Leasehold Land & Buildings	Equipment	Total
Cost or valuation	**£'000**		**£'000**	**£'000**	**£'000**
At 1 August 2022	112,409	2,979	1,142	13,417	129,947
Additions	443	2,361	—	929	3,733
Disposals	(15,027)	—	—	(9,271)	(24,298)
At 31 July 2023	97,826	5,340	1,142	5,074	109,382
Depreciation					
At 1 August 2022	41,267	—	1,142	12,253	54,662
Charge for the year	3,140	—	—	1,108	4,248
Elimination in respect of disposals	(7,257)	—	—	(9,215)	(16,472)
At 31 July 2022	37,150	—	1,142	4,145	42,438
Net book value at 31 July 2023	**60,676**	**5,340**	**—**	**929**	**66,945**
Net book value at 31 July 2022	71,142	2,979	—	1,164	75,285

Assets under construction represents the costs of the Plumstead redevelopment works of £3.1m scheduled to complete in 2025. Also included in assets under construction is £1.5m of FECTF works, £336k of T Level refurbishment works, £155k of Brick workshop ventilation works £61k of the Orpington Innovation Centre works and a total of £188k for other projects under £40k each.

Notes to the Financial Statements (continued)

13 Non-Current Investments

	2023 £'000	2022 £'000
Long term Capital Debtors	1,444	—
Total	**1,444**	—

14 Trade and other receivables

	2023 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	1,876	1,133
Prepayments and accrued income	1,041	441
Capital Debtors	7,061	—
Total	**9,978**	**1,574**

15 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loans and overdrafts	216	216
Trade payables	1,338	1,517
Other taxation and social security	923	1,234
Accruals and deferred income	4,681	5,558
Deferred income - government capital grants	1,728	1,698
Deferred income - government revenue grants	195	144
Amounts owing to the GLA	266	—
Amounts owing to the ESFA	2,965	4,632
Amounts owing to the ESFA (EFS loan)	657	657
Total	**12,969**	**15,656**

16 Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Bank loans	3,981	4,197
Amounts owing to DBEIS (EFS loan)	1,316	1,973
Deferred income - Government capital grants	27,310	25,629
Total	**32,607**	**31,799**

The amounts owed to the Department for Business, Energy and Industrial Strategy (DBEIS) represent a secured term loan for Exceptional Financial Support (EFS) made to Greenwich Community College prior to merger with Bromley College of Further & Higher Education. The loan is currently secured on 95 Plumstead, Road, Woolwich, London, SE18 7DQ.

Notes to the Financial Statements (continued)

17 Maturity of Debt

(a) Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2023 £'000	2022 £'000
In one year or less	**216**	216
Between one and two years	**432**	432
Between two and five years	**648**	648
Five years or more	**2,901**	3,117
Total	**4,197**	**4,413**

The Barclays loan facility is repayable by instalments falling due between 1 August 2018 and 13 October 2027. A total of £216k was paid in the year leaving an outstanding balance of £4.19m secured on a portion of the freehold land and buildings of the College.

18 Provisions

	Enhanced pensions £'000	Total £'000
At 1 August 2022	1,097	1,097
Expenditure in the period	(109)	(109)
Transferred from income and expenditure account	(72)	(72)
At 31 July 2023	**916**	**916**

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

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.85%	2.75%
Discount Rate	5.15%	3.40%

Defined benefit obligations relate to liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 24.

Notes to the Financial Statements (continued)

19 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	20,175	1,158	—	21,333
Total	**20,175**	**1,158**	**—**	**21,333**

20 Capital Commitments

There is £545k worth of commitments contracted for at 31 July 2023 (2022: £141k).

21 Lease Obligations

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

	2023 £'000	2022 £'000
Future minimum lease payments due		
Equipment		
Not later than one year	**151**	15
Later than one year and not later than five years	**586**	845
	737	**860**

22 Contingent liabilities

There are no contingent liabilities.

23 Events after the reporting period

There are no events after the reporting period to report.

Notes to the Financial Statements (continued)

24 Defined benefit obligations

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

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

Total Pension cost for the year		**2023**		**2022**
		£000		**£000**
Pension Costs				
Teachers' Pension Scheme: contributions paid		2,249		2,083
Local Government Pension Scheme				
Contributions paid	1,353		1,364	
FRS 102 (28) Charge	1,601		3,157	
Charge to the Statement of Comprehensive income		2,954		4,521
Enhanced Pension charge to the Statement of Comprehensive Income		181		204
Total Pension Cost for Year		**5,384**		**6,808**

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Teachers' Pension Scheme

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

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

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

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

Notes to the Financial Statements (continued)

24 Defined benefit obligations (continued)

Teachers' Pension Scheme (continued)

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

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

The pension costs paid to TPS in the year amounted to £3,093,459 (2021/22: £2,879,196) of which employer's contributions totalled £2,248,669 (2021/22: £2,083,218) and employees' contributions totalled £844,790 (2021/22: £795,977).

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

FRS 102 (28)

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

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

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined-benefit scheme, with the assets held in separate funds administered by the London Pension Fund Authority. The total contribution made for the year ended 31 July 2023 was £1,815,619 (2021/22: £2,445,258), of which employer's contributions totalled £1,224,506 (2021/22: £1,769,207) and employees' contributions totalled £591,113 (2021/22: £676,050). The agreed contribution rates for future years are 6.8% for employers and range from 5.5% to 12.5% for employees, depending upon salary.

Principal Actuarial Assumptions

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

Notes to the Financial Statements (continued)

24 Defined benefit obligations (continued)

Principal Actuarial Assumptions (continued)

Principal Actuarial Assumptions	**At 31 July 2023**	**At 31 July 2022**
Rate of increase in salaries	3.65%	3.55%
Future pension increases	2.85%	2.75%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.85%	2.75%
Commutation of pensions to lump sums	50%	50%

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

	At 31 July 2023	**At 31 July 2022**
Retiring today		
Males	20.4	21.4
Females	23.6	24.4
Retiring in 20 years		
Males	21.1	22.7
Females	24.7	25.7

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

	2023 £'000	**2022 £'000**
Fair value of plan assets	95,703	92,060
Present value of plan liabilities	(72,251)	(91,945)
Surplus restriction	(23,452)	(115)
Net pension liability	—	—

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

	2023 £'000	**2022 £'000**
Amounts included in staff costs		
Current service cost	2,908	4,409
Total	**2,908**	**4,409**

Notes to the Financial Statements (continued)

24 Defined benefit obligations (continued)

Principal Actual Assumptions *(continued)*

	2023 £'000	2022 £'000
Amounts included in finance costs		
Net interest charge	(26)	610
Total	**(26)**	**610**

	2023 £'000	2022 £'000
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	(393)	5,540
Experience losses arising on defined benefit obligations	(4,999)	(7,878)
Changes in demographic assumptions -	4,966	—
Changes in assumptions underlying the present value Liabilities	23,676	45,004
Other actuarial gains on assets	1,662	—
Cap actuarial gain on assets	(23,337)	(115)
Amount recognised in other comprehensive Income	**1,575**	**42,551**

Movement in net defined benefit liability during the year

	2023 £'000	2022 £'000
Deficit in scheme at 1 August	—	(38,784)
Movement in year:		
Current service cost	(2,908)	(4,409)
Employer contributions	1,353	1,364
Admin Expenses	(46)	(112)
Net interest on defined liability	26	(610)
Actuarial gain	1,575	42,551
Net defined benefit liability at 31 July	—	—

Due to changes in assumptions in the current economic climate, and in particular the discount rate which is derived from high quality corporate bonds, the liabilities in the pension scheme have reduced considerably. In this regard, actuarial gain of £24.9m has occurred resulting in a change from a net pension asset of £0.11m at 31 July 2022, to a net defined benefit asset of £23.4m at 31 July 2023. However, as the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil by adjusting the actuarial gain to £1.57m.

Notes to the Financial Statements (continued)

24 Defined pension obligations (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	**2023 £'000**	**2022 £'000**
Defined benefit obligations at start of period	91,945	124,882
Current service cost	2,892	4,409
Interest cost	3,092	1,981
Contributions by Scheme participants	612	521
Experience gains and losses on defined benefit obligations	4,999	7,878
Changes in financial obligations	(23,676)	(45,004)
Changes in demographic assumptions	(4,966)	—
Estimated benefits paid	(2,663)	(2,722)
Past Service cost	16	—
Defined benefit obligations at end of period	**72,251**	**91,945**

Reconciliation of Assets

	2023 £'000	**2022 £'000**
Fair value of plan assets at start of period	92,060	86,098
Interest on plan assets	3,118	1,371
Return on plan assets	(393)	5,540
Other actuarial gains	1,662	—
Employer contributions	1,353	1,364
Contributions by Scheme participants	612	521
Estimated benefits paid	(2,663)	(2,722)
Admin Expenses	(46)	(112)
Assets at end of period	**95,703**	**92,060**

25 Related party transactions

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

Transactions with funding bodies and the OfS are detailed in note 2.

Notes to the Financial Statements (continued)

25 Related party transactions (continued)

London South East Academies Trust
Although distinct organisations, the College does act as the sponsor to London South East Academies Trust. Although the sponsorship means various Members of the Corporation and College senior management team may also be members, Trustees, or Local Provision Board Members of the Academy Trust. In accordance with the Academies' Financial Handbook, the level of involvement and control over the Academy Trust is restricted, and therefore, it would not be appropriate to consolidate their financial results within the financial statements of the College.

The College provides some services to London South East Academies Trust as part of its shared Group Central Services function. This central function includes some services across ICT support, Estates, Governance, HR, and Finance. No charges are levied in respect of the support provided to LSEAT.

At 31 July 2023, the balance owed to the College by London South East Academies Trust was £6,351 (2021/22: £24,179). For 2022/23, this related to Trust expenditure which was invoiced to the college.

In addition, the College has worked in partnership with London South East Academies Trust to deliver a 14-16 alternative provision programme for pupils in Bromley borough at risk of exclusion. The programme was delivered at the Bromley College campus by teachers employed by the College. The Trust was charged £208,800 for the year (2021/22: £208,800) following approval from ESFA.

For a number of years the College has purchased a number of learner related systems including eTrackr, eNotify, eConsole and eSpirALS together with the related ongoing annual support. A member of the Corporation, Mark Trinick is a Director and majority shareholder of VLE Support Limited and the College paid VLE Support £52,908 in 2022/23 (2021/22: £44,880). VLE acquired Midas in 2016. The College paid Midas £12,940 in 2022/23 (2021/22: £13,252). All transactions with VLE support and Midas are conducted at arm's length and continue to be conducted on normal commercial terms.

The Vice Chair of the Trust board, Denise James-Mason was contracted to carry out some consultancy work with regards to Nido Volans Lambeth for £9,450 in 2022/23 (2021/22 NIL).

The Group Principal & CEO is also a Board member of ETF and the College paid £700 in 2022/23 (2021/22: £23,375).

26 Amounts disbursed as agent

Learner Support Funds

	2023	2022
	£'000	£'000
Funding body grants - ESFA	1,473	1,621
Other Funding bodies grants	—	—
	1,473	1,621
Disbursed to students	(1,143)	(855)
Administration costs	(135)	(182)
Balance unspent as at 31 July, included in creditors	194	584

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