

Calderdale College
Financial Statements
For the Year Ended 31 July 2022

Information

Address: Francis Street
HALIFAX
West Yorkshire
HX1 3UZ

Key Management Personnel

Key management personnel are defined as members of the College Senior Leadership Team and were represented by the following in 2021/22.

Principal:	John Rees	Until 31 July 2022
Vice Principal (Corporate Services) (Acting accounting officer)	Andrew Harrison	From 01 August 2022
Executive Director (Finance and Funding):	Sharon Bowker	Until 31 August 2022
Vice Principal (Quality and People Services):	Julia Gray	
Director of Commercial Services and Partnerships:	Ebrahim Dockrat	
Director of Operations:	Rob Rawlinson	Until 31 May 2022

Information

Members

Jessica Ainsworth
Peter Clark (Chair)
Diane Cothey
Rachel Court
Katherine Disley
Richie Dunk
Adrian Furness
Jenny Grainger
Julia Gray
Safia Kauser
Richard Laycock
Nazia Mukhtar
Malcolm Rogers
Paul Waterworth
Andrew Wright

Jane Taylor-Holmes Clerk to the Corporation

Information

Bankers:

Lloyds TSB Bank plc
7th Floor
6/7 Park Row
LEEDS
LS1 1NX

Barclays Bank Plc
1st Floor, 3 Hardman Street
Spinningfields
Manchester
M3 3HF

Internal Auditors:

ICCA Education Training and Skills Ltd
11th Floor
The McLaren Building
46 The Priors
Queensway
BIRMINGHAM
B4 7LR

Financial Statement Auditors and Reporting Accountants:

RSM UK Audit LLP
Statutory Auditor
Two Humber Quays
Wellington Street West
HULL
HU1 2BN

Solicitors:

Weightmans LLP
100 Old Hall St
LIVERPOOL
L3 9QJ

Chadwick Lawrence
Somerset House
Ransom Street
HALIFAX
HX1 2EF

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Report of the Members of the Corporation

The members of the Corporation present their annual report together with the financial statements for the year ended 31 July 2022.

Legal Status

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

Mission

The mission of the College is:

“Excellence in skills training for students and employers.”

Implementation of the Colleges Strategic Priorities

In July 2019, the Board approved the following strategic priorities which were adopted for the period to 2024. Specific objectives under these headings are approved annually by the Board.

1. A Thriving and Happy Workplace
2. Exceptional Student Experience and Success
3. Innovative Curriculum Design
4. Service Excellence
5. Employers as Partners
6. Dynamic, Responsive and Growing
7. Digitally Enabled
8. Committed to Calderdale

Report of the Members of the Corporation

Financial Position

Financial Results

The College generated a deficit before other comprehensive income in the year of £2,401,000 (2020/21: deficit of £2,696,000) after pension charges calculated in accordance with FRS 102 section 28 of £2,519,000 (2020/21: £2,482,000).

	£
Operating surplus	118,000
FRS102 pension charges	(2,519,000)
Deficit for the year ended 31.07.2022	(2,401,000)

The College has historically produced small operating surpluses prior to any FRS102 adjustment. The original budget approved for 2021/22 was an operating deficit of £153k. Covid-19 has had an adverse impact on the College's apprenticeship and external funding income streams, resulting in an operating deficit of £214k for the year before any pension adjustments against a revised deficit forecast of £409k. Some of external funding reduction was offset by a reduction in staffing expenditure (from non-appointments).

The College made the decision to not carry out any restructuring exercise during the year and has not planned to do so during 2022/23, taking the view that a stable workforce will enable the College to react promptly and flexibly, to meet the needs of the community as they develop.

The College's balance sheet shows net current assets of £1,700,000. Tangible fixed asset additions during the year amounted to £444,000. This was made up of equipment purchases.

The College has a healthy cash balance of £7,286k at the end of the year.

The College's current ratio has increased to 1.23:1 (2020/21: 1.11:1). Cash days in hand are 111 days (2020/21: 192 days).

The College's systems of internal financial controls and resources remain strong and effective as evidenced through both internal and external audit visits.

The College has significant reliance on the Education & Skills Funding Agency (ESFA) and West Yorkshire Combined Authority for its principal funding sources. In 2021/22 the ESFA provided 82.1% of the College's total income (2020/21: 79.7%).

Subsidiary Companies

All the subsidiary companies, (Calderdale Catering Limited, Calderdale Associates Limited, Halifax New College Limited and Step Training Limited) remained dormant during this financial year.

Treasury Management Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate Treasury Management Policy in place.

Report of the Members of the Corporation

Cash Flows

There was a £4,333,000 cash outflow (2020/21: £3,322,000). The net cash flow resulted from the purchase of tangible fixed assets of £444,000 repayments of loans of £201,000, and a decrease in creditors of £5,860,000 mainly due to a repayment of £3,525,000.

	Value £,000	Inflow/(Outflow)
Purchase of assets	(444)	(Outflow)
Repayment of debt	(201)	(Outflow)
Decrease in debtors	72	Inflow
Decrease in creditors	(5,171)	(Outflow)
Surplus in year (pre FRS 102)	118	Inflow
Depreciation	1,294	Inflow
Total	(4,333)	(Outflow)

Financial Plan

The Corporation approved a financial plan in July 2020 which set objectives for the period to 2021. This plan aimed to maintain a financial health rating of 'Good' and to achieve an operating deficit of £153k. In January the College reforecast the financial position in-year and reforecast an operating surplus in excess of £91k. This overall position was driven by the loss of significant income in both apprenticeship delivery and externally funded income, both of which are reliant on employers and businesses, many of whom were impacted by Covid-19 restrictions.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College reserves include £3,000 held as restricted reserves. As at the balance sheet date total unrestricted reserves stand at a positive £6,714,000. It is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses but recognises that a large element of the reserves is related to pension contingent liabilities.

Going Concern

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

The College currently has £3,980,000 of loans outstanding with bankers on terms negotiated in 2010. The terms of the existing agreement are for up to another 15 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants until at least 31 December 2023.

Report of the Members of the Corporation

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence to at least 31 December 2023. The College has considered the worsening economic climate after the July 2022 year-end and the pressures of increasing inflation. The impact of the Energy Crisis is delayed as the College is in a fixed price energy agreement until October 2023 but an estimate of significant increases is included in the 2 year rolling cash-flow. The College will undertake efficiency exercises including benchmarking to prioritise its expenditure to maintain its financial viability. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Current and Future Development and Performance

Financial Health

The College's ESFA Financial Health Grading is 'Requires Improvement' for 2021/22 as set out in the three-year recovery plan following the impact of Covid-19. It is forecast to improve to 'Good' in 2022/23.

Learner Numbers

In 2021/22 the College received £ 14,170,000 in ESFA and West Yorkshire Combined Authority allocation funding (2020/21: £14,008,000). A total of £134,000 was received in relation to the College's Higher Education (HE) provision. The College had 4,600 SFA funded students and 450 students funded by other sources.

Learner Achievements

Overall achievement rates for our education and training learners in 2021/22 was 89% (2020/21: 88%). Apprentices' overall success was at 50% (2020/21: 63%), impacted by Covid-19. Success for HE students was 80% in 2020/21 (2020/21: 81%).

The FE (Further Education) 16-18 achievement rate of 84% has remained above the latest national rate and the 19+ rate has remained at 94%. Overall, FE achievement rates are extremely high and are broadly consistent across the whole of the College's diverse curriculum offer.

Report of the Members of the Corporation

Key Performance Indicators

The table below demonstrates the KPI's and the assessment against them, that the College uses internally as well as the measure assessed externally such as Financial Health, and Ofsted rating.

Key Performance Indicator	Measure/Target	Actual for 2021/22
Current Ratio	1.18	1.23
Total Borrowing as a percentage of income	16.33%	17.52%
Operating surplus/(deficit) before FRS102	(£153,000)	£118,000
Staff costs as a % of total income less capital grants.	65.76%	66.84%
Financial Health	Requires Improvement	Requires Improvement
Ofsted Rating	Good	N/A

Curriculum Developments

In 2021/22, the College worked with employers to develop its curriculum and further implemented successfully completed planning for the five-year curriculum strategy that reviewed all provision types and created further synergy throughout the College offer. More periods of Covid 19 restrictions & lockdowns from November 2020 to March 2021 continued to hinder the ability to deliver the planned volume of project-based learning in employer settings but, despite the challenges, a number of projects continued successfully.

2021/22 proved to be another challenging year for apprenticeships due to the instability of specific sectors resulting from periods of national restrictions, which had an impact on the College's ability to deliver apprenticeships in those areas. Further challenges with scheduling of End Point Assessments due to national demand had a subsequent impact on the completion of programmes for some apprentices. The College continues to seek to expand apprenticeship provision and increase capacity in areas of growth, specifically the engineering and electrical sectors. In 2020/21 the College began to deliver this provision from The Engineering Centre (TEC) in Brighouse to offer high quality teaching and apprenticeships, allowing the College to develop its engineering provision.

There were a number of funding interventions by the Government in response to the impact of the Covid-19 pandemic. The College has used the 16-18 Tuition Fund to give additional learning to those learners who would benefit from more support to keep them on track with their studies following the impact of Covid-19. The College engaged in delivering the newly announced Kickstart programme on behalf of DWP in Calderdale in Partnership with Halifax Opportunities Trust. It also started the delivery of T Levels in both Digital and Health and Science sectors in 2021/22.

The College is one of the largest FE deliverers of ESF nationally and continues to competitively secure new European Social Fund (ESF) funds from both the ESFA and also from Department of Work & Pensions (DWP), primarily focusing on supporting workforce development. Some of these programmes are fully funded learning and others require employer contributions. The College currently delivers ESF funded activity across a number of regions including North Yorkshire, Tees Valley and also Leeds City Region,

Report of the Members of the Corporation

working closely with the West Yorkshire Colleges Consortium as part of a collaborative response to the Leeds City Region Skills Plan. The College also delivers a flagship Skills programme Skills Bank, in Sheffield City Region, which is funded by the Growth deal funding via ESFA.

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 of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College operates a policy of settling properly authorised invoices at the end of the month following the date of transaction and makes every effort to ensure that these terms are met for non-queried invoices. In order to report more effectively on this indicator, the College will be reviewing its software capability during 2022/23 to develop an accurate way of capturing this data.

Future Developments

The College continues to deliver the 16-18 Tuition Fund to support learners to catch-up their learning impacted by the Covid-19 pandemic. After a successful implementation, however, the Kickstart programme has come to an end.

The College has continued its preparation for further T Levels including:

The College has consolidated its position at the TEC Centre, Brighouse, by recently signing a 7-year lease. invested recently in its facilities. The provision is developing and now includes a motor vehicle workshop. The College has successfully bid for Industry 4.0 Hub project funding to provide specialist digital technology facilities.

The College is committed to the Sustainability agenda and reducing its carbon emissions. It has secured £5.5m of ESFA Transformation Capital Funding for a £7.5m project to improve the energy efficiency of the Percival Whitley Centre, a 1950's building. The Project will significantly reduce carbon emissions and energy consumption, measures include external thermal cladding, solar panels, and lagging of pipes. The College also has an active Sustainability Group who are working on a number of projects to reduce carbon emissions as well as embedding the green agenda in the curriculum and learning.

Resources

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

Financial

The College has £6,714,000 of net assets (including a £ 4,592,000 pension liability) and long-term debt of £3,771,000.

People

The College employs 473 people, of whom 224 are teaching staff.

Reputation

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

Physical

The College has physical assets in the form of land and buildings to the value of £ 22,080,000 and equipment with a net book value of £614,000.

Report of the Members of the Corporation

Principal Risks and Uncertainties

The College has well developed strategies for managing risk and strives to embed risk management in all that it does. The Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained by the College. This is reviewed frequently during the year by the College Senior Leadership Team and at every Audit committee meeting in full, as well as annually by the Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, the potential impact on the College as well as any actions being taken by the College to reduce and mitigate the risk.

The risk register is a live document from which the College's internal audit plan is derived and is the key document for risk management within the College.

In 2021/22, Covid-19 related risks reduced as the year progressed with: less interruption of college-opening; embedding of control measures and risk assessments; and less infections in the general population.

The main risks to the College during the year are outlined below, along with the action taken to minimise them.

1. Impact of Reduction in Public Funding

The Covid-19 outbreak continued to negatively impact on employer-facing provision including apprenticeship funding and external grant funding. 2021/22 was the first year of the adult education budget being devolved to the West Yorkshire Combined Authority but the College maintained its level of adult funding. The ESF projects are gradually phasing-out following BREXIT, and the UK Prosperity Fund will not present the same scale and opportunity. Towards the end of the year, inflation began to rise significantly which puts additional real cost pressures on the College.

This risk was mitigated in a number of ways:

- Effective financial management
- Effective use of internal auditors
- Strong relationships with Local Authorities (LAs), Local Enterprise Partnerships (LEP) and the Education & Skills Funding Agency (ESFA)
- Member of West Yorkshire College Consortium

The rating of this risk has been reduced in 2021/22, recognising the College's ability to effectively ensure costs are reduced in line with any income reductions.

Report of the Members of the Corporation

2. Failure to Achieve Planned Income

The College faces many challenges that could prevent it from achieving its planned income. This risk has remained high during 2021/22 due to the continued impact of Covid-19. throughout the year. In 2021/22 is the decline in the 16-18 cohort has halted and an increase is expected. There remains a healthy level of competition from both school sixth forms and other further education colleges and training providers. As such, students have many choices as to where they study. These may be influenced by factors such as quality of provision, range of provision offered, perceived value of a qualification from a set provider and even the facilities offered by an establishment. The same questions will also be raised by employers in deciding where they will invest in their staff training needs.

This risk was mitigated in a number of ways:

- Improved curriculum planning and monitoring
- Marketing strategy
- Income monitoring through monthly management accounts
- KPIs in place against key income streams tracked in year
- Scrutiny and challenge provided by senior management
- Appropriate reductions in expenditure (e.g., external contracts)

3. Failure to attract and retain suitably skilled, motivated staff

This risk has been rated higher as it becomes more difficult to recruit and retain skilled staff post-Covid. It has been increasingly difficult to recruit to specialist skills and sector roles particularly in construction and technology. There are a high number of vacancies across the Further Education sector.

The College has been taking actions to mitigate this risk but it remains a concern:

- Continued Professional Development / Performance Review
- Employee engagement activity
- Pay & Reward Strategy
- Introduction of a middle leadership programme
- The Professional Learning Framework
- Developed a Recruitment & Retention Strategy

Report of the Members of the Corporation

Stakeholder Relationships

In line with other colleges and with universities, Calderdale College has many stakeholders. These include:

- Current, future and past students
- Funding bodies including the ESFA and the Office for Students (OfS)
- Staff and their trade unions
- Local employers and employer bodies
- Calderdale Council
- West Yorkshire Combined Authority
- The Leeds City Region LEP and The Skills Network
- Other LEPs and combined authorities in regions where the College holds ESF contracts
- Lloyds Banking Group (Commercial Banking)
- Barclays Bank (Loan)
- Local primary and secondary schools
- HE partners including The Open University and the University of Huddersfield
- Community and voluntary groups such as the North Halifax Partnership, Active Calderdale, The Calderdale Community Foundation and Halifax Opportunities Trust
- Other FE institutions via the West Yorkshire Consortium of Colleges.
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with all stakeholders. Partnership working on specific projects or issues continues to be a highly valued part of the College's activity.

Public Benefit

Calderdale College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 13-15. 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.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to approximately 5,100 students, including 122 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 1,050 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible, regardless of their educational background.

Equality, Diversity & Inclusion and Employment of Disabled Persons

Calderdale College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the college's Intranet site.

Report of the Members of the Corporation

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

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

As part of its commitment to the mental health and wellbeing of staff and students Calderdale College has signed up to a new national mental health and wellbeing charter. This has been created by the Association of Colleges (AoC) in conjunction with mental health experts and includes commitments to:

- Promote equality of opportunity and challenging mental health stigma
- Provide appropriate mental health training for staff
- Provide targeted individual mental health support where appropriate

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability Statement

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

- The College has an Equality, Diversity and Inclusion Co-ordinator whose role is to raise awareness and inclusivity throughout the College.
- There is a list of specialist equipment, such as radio aids, which the college can make available for use by students and a range of assistive technology is available in the learning centre.
- The admissions policy for all students is described in the college charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of Personal Skills Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard college format.
- Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Report of the Members of the Corporation

Corporation Tax

The Corporation is an exempt charity and is not liable to corporation tax except on certain non-charitable activities.

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 in the period	Full Time Equivalent (FTE) employee number
4	4

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

Total cost of facility time	£6,789
Total pay bill	£
Percentage of total bill spent on facility time	0.047%

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

The College considers good communication with its staff to be very important. There is an effective communication strategy, which includes whole College and departmental staff meetings, a new online staff news blog, regular corporate emails (with a weekly newsletter from the Principal/CEO), use of social media posts, regular staff conference and development events. Staff are encouraged to express their views and ideas through the College Intranet.

Formal representation of staff is undertaken through the recognised trade unions. Two staff and two student governors are elected by their peers. Each year students are invited to give feedback to the College through learner satisfaction surveys, the course representative system and focus groups. There is also the facility for learner feedback to be left on the College intranet. The Learner Voice strategy is supported and facilitated through the Learner Involvement Officer who work closely with representatives from the elected Student Union. Governors are invited to join student feedback focus groups to ask any questions they have on the quality of their experience in order to inform the governance of the College.

Report of the Members of the Corporation

Post Balance Sheet Events

On 29 November 2022, the Office for National Statistics (ONS) announced today that it has reclassified colleges into the central government sector with immediate effect. Department for Education guidance state that the College does not need retrospective permission for its existing loan facility but that refinancing commercially is unlikely to be possible under the managing public money framework. The College's current bank loan does not mature until 2036 and there are no current plans to refinance so the ONS change does not affect the College in the short-term or its going concern status.

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on
behalf by:

15th December 2022 and signed on its

A handwritten signature in black ink, appearing to read 'P. Clark', with a long horizontal stroke extending from the end.

Peter Clark
Chair of the Corporation

Corporate Governance Statement Incorporating the Statement of Internal Control

Governance Statement

The Clerk to the Corporation completed the Association of Colleges / ETF Expert Level - Governance Professionals Development Programme during 2021/22.

The College Corporation has conducted an internal review of governance which included a review of individual Governor contribution, the contribution of the Chair and a review of effectiveness of the Corporation and its Committees including views from the Senior Leadership Team. The Governor Development Plan included improvement actions in the following areas; Governor interaction with college life and students, providing Governors with a better understanding of the business and curriculum areas and opportunities arising from devolution and local business, improvements to Governor Committee meetings and processes and other specific actions identified. The progress of the Governor Development Plan has been reviewed throughout the year and will be updated following the annual self-assessment process during 2022/23.

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

As a recipient of public funding, the College endeavours to conduct its business to the highest standards of corporate governance:

- in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges ("the Code")

In the opinion of the Governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges first issued by the Association of Colleges in March 2015.

Corporate Governance Statement Incorporating the Statement of Internal Control

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2021/22 () including Committee attendance
Peter Clark	28.03.2013 01.08.2015 01.08.2018	To 31.07.2022 4 years		External	Audit (from 01.08.2013 to 22.10.2015); Curriculum, Quality & Standards (Chair from 03.04.2014 to 31.07.2017); Search & Governance (from 01.08.2016); Senior Staff Employment (from 01.08.2015); Chair of the Corporation from 01.08.2016	100% (95%)
Jessica Ainsworth	14.7.2022	To 13.7.2026 4 years		Staff	Curriculum, Quality & Standards	0%
Diane Cothey	01.08.2018	To 31.07.2022 4 years		External	Curriculum, Quality & Standards	25% (50%)
Rachel Court	22.05.2015 01.08.2017 08.07.2021	To 31.07.2023 2 years		External	Chair of Search & Governance Committee. FP&E 22.5.15. to 31.7.17. SSEC Committee from Oct 2016.	63% (83%)

Corporate Governance Statement Incorporating the Statement of Internal Control

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2021/22 (%) including Committee attendance
					Chair of Audit Committee from 1.8.17.	
Katherine Disley	15.10.2020	To 14.10.2024 4 years		External	Audit	63% (67%)
Patricia Drake	06.04.2017 05.04.2021	To 05.04.2022 1 years	31.3.2022	External	Finance & Resources; Search & Governance	50% (50%)
Richie Dunk	20.10.2016 19.10.2020	To 19.10.2024 4 years		External	Audit, Curriculum, Quality and Standards (Chair from 20.06.2019)	50% (69%)
Adrian Furness	08.02.2019	To 07.02.2023 4 years		External	Audit	75% (67%)
Jenny Grainger	06.04.2017 05.04.2021	To 05.04.2025 4 years		External	Audit; Curriculum, Quality & Standards, Senior Staff Employment SSE Chair from 22 November 2019)	75% (75%)
Ian Greenwood	01.08.2018	To 31.07.2022 4 years	30.9.2022	Staff	Curriculum, Quality & Standards	N/A
Safia Kauser	11.07.2019	To 10.07.2023 4 years		External	Curriculum, Quality & Standards	75% (75%)
Richard Laycock	15.10.2020	To 14.10.2024		External	Finance & Resources	75%

Corporate Governance Statement Incorporating the Statement of Internal Control

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2021/22 (%) including Committee attendance
		4 years				(83%)
Shwana Maulou	16.12.2021	To 31.7.2022		Student	Curriculum, Quality & Standards	25% (20%)
Nazir Mukhtar	10.6.2022	To 9.6.2026 4 years		External	Curriculum, Quality & Standards	(67%) (75%)
John Rees	01.04.2015	In post	31.7.2022	Principal	Search and Governance; Curriculum, Quality & Standards, Finance & Resources	75% (84%)
Malcolm Rogers	22.05.2015 01.08.2017 31.07.2021	To 31.07.2023 2 years		External	Finance & Resources (from 15.10.2015; Chair from 25.02.2016); Senior Staff Employment (from 01.08.2016)	100% (94%)
Robert Swindells	15.10.2020	To 15.10.2024 4 years	9.3.2022	Staff	Curriculum, Quality & Standards	0% (50%)
Paul Waterworth	21.10.2021	To 20.10.2025 4 years		Staff	Curriculum, Quality & Standards	100% (82%)
Andrew Wright	23.04.2020	To 23.04.2024 4 years		External	Finance & Resources Committee, Curriculum, Quality & Standards Committee.	88% (95%)

Corporate Governance Statement Incorporating the Statement of Internal Control

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2021/22 (%) including Committee attendance
Iqra Zada	16.12.2021	To 31.7.2022		Student	Curriculum, Quality & Standards	25% (20%)

Jane Taylor-Holmes acted as Clerk to the Corporation. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely reports on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets at least once in each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are: Audit, Finance & Resources, Curriculum, Quality & Standards, Search & Governance and Senior Staff Employment. Task and Finish Groups are formed for specific functions. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (www.calderdale.ac.uk) or from the Clerk to the Corporation at:

Calderdale College
Francis Street
Halifax
West Yorkshire
HX1 3UZ

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive

Corporate Governance Statement Incorporating the Statement of Internal Control

members is independent of management and is 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 are separate.

Appointments to the Corporation

Any new appointments to the Corporation are approved by the Corporation on the recommendation of the Search and Governance Committee. The latter is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

Members of the Corporation are usually appointed for a term of office not exceeding four years. This can be extended to serve no more than a maximum of eight years.

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2022 and graded itself as 'Good' on the Ofsted scale. In addition each of the Committees carry out an annual self-assessment to review performance and adherence to Terms of Reference.

The Governing body is committed to development and held three Strategy Days during the year in November 2021, February 2022 and June 2022. In addition, there were a number of deep dives held within the Committees including an IT and cyber security deep dive and a Maths and English deep dive.

The Chair of the Governing body attended regular AoC Chair and Principal update sessions and members of the Audit Committee attended specific AoC Audit Committee training.

All Governors and the Clerk are required to undertake mandatory training in Safeguarding, Prevent, Equality, Diversity and Inclusion and Data Protection. There are also additional modules on phishing and cyber security for completion. All training should be refreshed every three years.

During the year, the Clerk completed the Education and Training Foundation intermediate level programme on the technical aspects of being a Governance Professional and regular AoC Yorkshire and Humber Clerks network meetings.

Two new governors received full induction training at the College.

Senior Staff Employment Committee

Throughout the year ended 31 July 2022, the Corporation's Senior Staff Employment Committee comprised four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

The College has adopted the Association of Colleges Senior Staff Remuneration Code.

Details of the remuneration of senior post-holders for the year ended 31 July 2022 are set out in note 8 to the Financial Statements.

Corporate Governance Statement Incorporating the Statement of Internal Control

Audit Committee

The Audit Committee comprises at least four members, which can include one co-opted member. The membership excludes the Accounting Officer, members of the Finance and Resources Committee, the Chair and Staff and student Corporation members. The Committee operates in accordance with written terms of reference approved by the Corporation, which align to the requirements of the Post-16 Audit Code of Practice. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's systems of internal control, the adequacy and effectiveness of the College's audit arrangements and its arrangements for risk management, control and governance processes.

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

<u>Committee member</u>	<u>Meetings attended</u>
Mrs R Court	4
Mr R Dunk	3
Mrs K Disley	3
Mr A Furness	2
Mrs J Grainger	3
Mr C Reeve (co-opted)	4

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

Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee receives regular reports on implementation to ensure that they are completed timely and are effective.

The Audit Committee also advises the Corporation on the appointment and reappointment of internal and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

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.

Corporate Governance Statement Incorporating the Statement of Internal Control

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

The Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Calderdale College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation through the Audit Committee.

The Risk and Control Framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *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. At minimum, annually, the Head of Internal Audit (HIA) provides the Corporation with a report on internal audit activity in the College. This includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement from the Audit Committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

Corporate Governance Statement Incorporating the Statement of Internal Control

The audit committee has reviewed Internal Audit work and taken reasonable assurance in the following specific areas:

- 16-18 Student journey
- IT Data Security
- HR Strategy & People
- ESFA Funding

There were no significant internal control weaknesses, however, all management actions to address audit recommendations will be monitored.

Review of Effectiveness

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

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

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

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

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior leadership team and Audit Committee. The Corporation also receives an annual report on risk and control issues through the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior leadership team and internal audit, and taking account of events since 31 July 2022.

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

Corporate Governance Statement Incorporating the Statement of Internal Control

Approved by order of the members of the Corporation on 15th December 2022 and signed on its behalf
by:



Peter Clark
Chair of the Corporation



Andrew Harrison
Accounting Officer

Statement on the College's Regularity, Propriety and Compliance

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

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

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



Andrew Harrison

Accounting officer

Date 15th December 2022

Statement of the chair of corporation

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



Peter Clark

Chair of governors

Date 15th December 2022

Statement of Responsibilities of the Members of the Corporation

The members of the corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, 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; the work carried out by auditors does not involve consideration of these matters and, accordingly, auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources

Statement of Responsibilities of the Members of the Corporation

and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on ~~[date]~~ and signed on its behalf by:

15/12/22

A large, stylized handwritten signature in black ink, appearing to be 'Peter Clark'.

Peter Clark, Chair of Corporation

Independent Auditor's Report to The Corporation of Calderdale College

Opinion

We have audited the financial statements of Calderdale College (the "College") for the year ended 31 July 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the governors with respect to going concern are described

Independent Auditor's Report to The Corporation of Calderdale College

Other information

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

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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

Independent Auditor's Report to The Corporation of Calderdale College

- the College's grant and fee income, as disclosed in the note 3 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Calderdale College

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 25 and 26 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report to The Corporation of Calderdale College

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

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

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

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

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

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

Independent Auditor's Report to The Corporation of Calderdale College

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 19 April 2022. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

19/12/ 2022

Statement of Comprehensive Income

	Note	Year ended 31 July 2022 £'000	Year ended 31 July 2021 £'000
Income			
Funding body grants	2	19,241	16,802
Tuition fees and education contracts	3	2,532	2,640
Other grants and contracts	4	725	1,192
Other income	5	785	281
		<hr/>	<hr/>
Total income		23,283	20,914
Expenditure			
Staff costs	6	(17,463)	(16,455)
Other operating expenses	7	(6,409)	(5,651)
Depreciation & Impairment	10	(1,294)	(994)
Interest and other finance costs	8	(518)	(511)
		<hr/>	<hr/>
Total expenditure		(25,684)	(23,610)
Deficit for the year		(2,401)	(2,696)
Other Comprehensive Income			
Remeasurement of net defined benefit pension liability	18	17,697	5,755
		<hr/>	<hr/>
Other comprehensive income for the year		17,697	5,755
		<hr/>	<hr/>
Total comprehensive income for the year and attributable to the Corporation of the College		15,296	3,059


Balance Sheet

	Note	2022 £'000	2021 £'000
Non-current assets			
Tangible assets	10	<u>22,694</u>	<u>23,544</u>
Current assets			
Trade and other receivables	12	1,732	1,804
Cash at bank and in hand	13	<u>7,286</u>	<u>11,619</u>
		9,018	13,422
Creditors: amounts falling due within one year	14	<u>(7,318)</u>	<u>(12,065)</u>
Net current assets		<u>1,700</u>	<u>1,357</u>
Total assets less current liabilities		24,394	24,901
Creditors: amounts falling due after more than one year	15	(13,087)	(13,712)
Provisions for liabilities			
Defined benefit pensions scheme	18	<u>(4,592)</u>	<u>(19,770)</u>
Total net assets/(liabilities)		<u>6,714</u>	<u>(8,582)</u>
Reserves			
Restricted reserves		<u>3</u>	<u>3</u>
Unrestricted reserves			
Income and expenditure reserve		1,551	(13,856)
Total unrestricted reserves		<u>5,160</u>	<u>5,271</u>
Total funds		<u>6,714</u>	<u>(8,582)</u>

The financial statements were approved and authorised for issue by the Corporation on
and were signed on its behalf by:

15/12/22


Peter Clark
Chair of the Corporation


Andrew Harrison
Accounting Officer

Statement of Changes in Reserves

	Income and expenditure reserve £'000	Revaluation Reserve £'000	Restricted reserves £'000	Total £'000
Balance at 1 August 2020	(17,025)	5,381	3	(11,641)
Deficit from the income and expenditure account	(2,696)	-	-	(2,696)
Other comprehensive income	5,755	-	-	5,755
Total comprehensive income	3,059	-	-	3,259
Transfers between revaluation and income and expenditure reserves	110	(110)	-	-
	3,169	(110)	-	3,059
Balance at 31 July 2021	(13,856)	5,271	3	(8,582)
Deficit from the income and expenditure account	(2,401)	-	-	(2,401)
Other comprehensive income	17,697	-	-	17,697
Total comprehensive income	15,296	-	-	15,296
Transfers between revaluation and income and expenditure reserves	111	(111)	-	-
Balance at 31 July 2022	1,551	5,160	3	6,714

The accompanying accounting policies and notes on pages 36 to 58 form an integral part of these financial statements.

Statement of Cash Flows

	2022 £'000	2021 £'000
Cash inflow from operating activities		
Deficit for the year	(2,401)	(2,696)
Adjustment for non-cash items		
Depreciation	1,294	994
(Increase)/decrease in debtors	72	815
Increase/(decrease) in creditors due within one year	(4,755)	2,465
Increase/(decrease) in creditors due after one year	(416)	420
Pension costs less contributions payable	2,192	2,482
Adjustment for investing or financing activities		
Interest payable	518	196
Net cash (outflow)/inflow from operating activities	<u>(3,496)</u>	<u>4,675</u>
Cash outflow from investing activities		
Payments made to acquire fixed assets	(444)	(965)
Investment income	-	-
	<u>(444)</u>	<u>(965)</u>
Cash flows from financing activities		
Interest paid	(191)	(196)
Repayments of amounts borrowed	(201)	(194)
	<u>(392)</u>	<u>(389)</u>
(Decrease)/increase in cash and cash equivalents in the year	(4,333)	3,322
Cash and cash equivalents at beginning of the year	<u>11,619</u>	<u>8,297</u>
Cash and cash equivalents at end of the year	<u>7,286</u>	<u>11,619</u>

The accompanying accounting policies and notes on pages 34 to 55 form an integral part of these financial statements.

Notes to the Financial Statements

1 Statement of Accounting Policies and Estimation Techniques

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

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice; Accounting for Further and Higher Education 2019 (F & HE SORP 2019), the College Accounts Direction for 2021 to 2022 and Regulatory Advice 9; Accounts Direction issued by OfS 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.

These financial statements exclude the Colleges dormant subsidiaries and present information about the College only.

The financial statements are presented in Sterling (£).

Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current 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 Report of the Members of the Corporation. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College currently has £3,980,000 of loans outstanding with bankers on terms negotiated in 2010. The terms of the existing agreement are for up to another 15 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants until at least 31st December 2023.

The College has considered the worsening economic climate after the July 2022 year-end and the pressures of increasing inflation. The impact of the Energy Crisis is delayed as the College is in a fixed price energy agreement until October 2023 but an estimate of significant increases is included in the 2 year rolling cash-flow. The College will undertake efficiency exercises including benchmarking to prioritise its expenditure to maintain its financial viability.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence until at least 31st December 2023 and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

Notes to the Financial Statements

Recognition of Income

Grants – government and non-government

Revenue grant funding

Government revenue grants are accounted for under the accrual model and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the college and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

The recurrent grant from the Office for Students ('OfS') represents the funding allocations attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding - government grants

Government capital grants for assets, other than/including land, are accounted for under the accruals model and for land the performance model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received. All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Accounting for Post-employment Benefits

Retirement benefits to employees of the Corporation are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS) (West Yorkshire Pension Fund) ("WYPF"), which are multi-employer defined benefit plans.

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 Corporation in such a way that the pension cost is a

Notes to the Financial Statements

substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

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.

Non-current assets - Tangible fixed assets

Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation at the date they were inherited on the basis of deemed cost. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the Corporation of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred 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.

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.

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition (unless part of a larger annual replenishment, for example, computer equipment or furniture). Equipment inherited from the Local Education Authority is included in the balance sheet at valuation, but has subsequently been written down to nil value. All other equipment is capitalised at cost.

All equipment acquired since incorporation is depreciated on a straight-line basis over 4 years, representing its estimated economic life.

Notes to the Financial Statements

Assets under Construction

Assets under construction are accounted for at cost, based on the value of architect's 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

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expenses as incurred. These subsequent costs are then depreciated over their estimated useful life which will depend on a variety of criteria (refurbishments over 10 years).

Impairments of fixed assets

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

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

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

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 council capital equipment grants, the associated assets are designated as grant-funded assets.

Financial Instruments

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

Financial assets and liabilities

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

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

Notes to the Financial Statements

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

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

Derecognition of financial assets and liabilities

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the 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 (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the costs of tangible fixed assets by nature.

Cash and Cash Equivalents

Cash including cash in hand and sums on short term deposits with recognised banks and building societies and government securities. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Provisions and Contingent Liabilities

Provisions are recognised when the Corporation 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

Notes to the Financial Statements

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 of 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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

Tangible Fixed Assets

Tangible fixed assets, are depreciated over their useful lives considering 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 considered. 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 18, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount on the pension liability.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payment received from the ESFA and subsequent disbursements to students are excluded from the Income and Expenditure account of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

The Corporation acts as an agent in the running of ESF Co-financing projects (Skills Enhancement Fund), the Work Place Learning project and Kickstart project. Related payment received from the ESFA and subsequent disbursements to project partners are excluded from the Income and Expenditure account.

Notes to the Financial Statements

2 Funding Body Grants

	Total 2022 £'000	Total 2021 £'000
Recurrent Grants		
West Yorkshire Combined authority – Adult Education Budget	4,826	3,780
Education and Skills Funding Agency: 16-18	9,344	9,394
Education and Skills Funding Agency: apprenticeships	2,416	1,751
Office for Students	134	139
Specific Grants		
Education and Skills Funding Agency – 16-18 Tuition Funding	288	207
Educations and Skills Funding Agency ESF Co-Financing	1,408	854
Aim Higher Funding	104	-
Release of Government Capital Grants	421	352
Teacher Pension Contribution	301	325
	<u>19,241</u>	<u>16,802</u>

3 Tuition Fees and Education Contracts

	2022 £'000	2021 £'000
Adult Education Fees	281	254
Apprenticeship Fees and Contracts	38	31
Fees for HE Loan Supported Courses	1,246	1,284
Fees for FE Loan Supported Courses	408	531
Total Tuition Fees	<u>1,973</u>	<u>2,100</u>
Education Contracts	559	540
	<u>2,532</u>	<u>2,640</u>

Notes to the Financial Statements

Office for Students (OfS) registered colleges are required to include a note analysing grant and fee income received in a single additional table. OfS' requirements overlap with the existing structure of Education and Skills Funding Agency's (ESFA) finance record. An additional table is provided with the required analysis.

Total Grant and fee income

	2022 £'000	2021 £'000
Grant income from the Office for Students	134	139
Grant income from other bodies	19,107	16,663
Fee income for taught awards (exclusive of VAT)	2,532	2,640
Total of all grant and fee income	<u>21,773</u>	<u>19,442</u>

4 Other grants and contracts

	2022 £'000	2021 £'000
National Funds	629	656
European Funds	92	397
Coronavirus Job Retention Scheme	4	139
Total Funds	<u>725</u>	<u>1,192</u>

Following the temporary closure of commercial operations, the Corporation furloughed catering staff and other staff supporting commercial activities under the Government's Coronavirus Job Retention Scheme. The funding received in respect of 10 staff of £3,803 (2021: 59 staff, £139k), relates to staff costs which are included within the staff costs note below as appropriate.

5 Other Income

	2022 £'000	2021 £'000
Other Income Generating Activities	424	154
Miscellaneous Income	361	127
	<u>785</u>	<u>281</u>

Notes to the Financial Statements

6 Staff Costs and Key management personnel remuneration

The average monthly number of persons (including key management personnel) employed by the College during the year, on an average headcount basis, was:

	2022 Number	2021 Number
Teaching Staff	224	228
Non-teaching Staff	249	253
	<u>473</u>	<u>481</u>

Previously staff numbers have been disclosed as full-time equivalents. In accordance with the Accounting Direction, staff numbers are now disclosed on an average headcount basis. Comparatives have been restated to reflect this change.

The above figures include a total of 30 (2021: 48) FTE staff on fixed term contracts.

	2022 £'000	2021 £'000
Wages and Salaries	11,392	11,184
Social Security Costs	1,086	917
Other Pension Costs	4,156	4,044
	<u>16,634</u>	<u>16,145</u>
Contracted out staffing services	714	296
	<u>17,348</u>	<u>16,441</u>
Restructuring costs - contractual	96	14
- non-contractual	19	-
Total Staff Cost	<u>17,463</u>	<u>16,455</u>

A general pay award of 1% was made with effect from 1 August 2021 which was approved by the Corporation.

The corporation also makes available to staff salary sacrifice schemes for childcare vouchers, Ride to Work and holiday purchase. Staff costs are recorded at the full gross value before the deduction of the salary sacrifice.

Key Management Personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team. At the start of the financial year, this comprised of Principal, Executive Director Finance & Funding, Vice Principal Curriculum, Quality and Student Services, Director of Operations, Director of Commercial Services and Partnerships, and the Clerk to the Corporation. The Director of Operations left the college during the year and was not replaced on the Senior Leadership Team. Staff costs include compensation paid to key management personnel for loss of office, which was approved under the delegated authority of the accounting officer.

Notes to the Financial Statements

6 Staff Costs and Key management personnel remuneration (continued)

Emoluments of Key Management Personnel, Accounting Officer and Other Higher Paid Staff

	2022 Number	2021 Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>8</u>

The number of staff, including senior post-holders and the Principal, who received annual emoluments excluding pension contributions but including benefits in kind in the following ranges was:

	Key Management Personnel	
	2022 No	2021 No
£ 1 to £10,000	-	1
£10,001 to £15,000	-	-
£15,001 to £20,000	1	1
£20,001 to £25,000	-	2
£25,001 to £30,000	-	-
£30,001 to £35,000	2	2
£35,001 to £40,000	-	1
£40,001 to £45,000	2	-
£45,001 to £50,000	-	-
£50,001 to £55,000	1	1
	<u>6</u>	<u>8</u>

Including part time workers grossed up to full time equivalent 1 member of key management personnel was paid in the £45,001 to £50,000 band in 2022 (2021 this individual fell into the £45,001 to £50,000 band).

	Other Staff	
	2022 No	2021 No
£60,001 to £65,000	-	-
£65,001 to £70,000	1	1
£70,001 to £75,000	-	-
	<u>1</u>	<u>1</u>

Notes to the Financial Statements

6 Staff Costs and Key management personnel remuneration (continued)

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2022	2021
	£'000	£'000
Salaries – gross of salary sacrifice and waived emoluments	429	509
Compensation for loss of office	36	-
Employers National Insurance	58	62
	<u>523</u>	<u>571</u>
Pension costs	90	93
Total key management personnel compensation	<u>613</u>	<u>664</u>

Emoluments include gross salaries, bonuses and employer national insurance.

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice.

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

	2022	2021
	Total	Total
	£'000	£'000
Accounting Officer		
Salary	137	136
Benefits in kind	-	-
Pension Costs	33	32
Total	<u>170</u>	<u>168</u>

The pension costs in respect of the Accounting officer and key management personnel are in respect of employer's contributions to the West Yorkshire Pension Scheme and the Teachers' Pension Scheme and are paid at the same rate as for other employees.

Members of the Board of Governors, other than the principal, and staff representatives, did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

The total expenses paid to Governors (2 Governors) during the year was £ 222.30 (2021: £ni). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

Key management personnel had their pay reviewed from 1 January 2022. They received an increase of 1% backdated to 1 August 2021. These increases were approved by the Corporation. The Vice Principal Finance and Funding received additional payments of £5,500 while absorbing the duties of the Director of Operations due to sickness absence. No other bonuses or salary enhancements were awarded.

The College has adopted the AoC's Colleges' Senior Staff Remuneration Code.

Notes to the Financial Statements

6 Staff Costs and Key management personnel remuneration (continued)

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

	2022 £'000	2021 £'000
Principal's basic salary as a multiple of the median of all staff	5.2	5.2
Principal and CEO's total remuneration as a multiple of the median of all staff	5.4	5.6

Compensation for loss of office paid to key management personnel

	2022 £'000	2021 £'000
Compensation paid to former post holder		
Contractual	17	-
Non contractual	19	-
	<u>36</u>	<u>-</u>

7 Other Operating Expenses

	2022 £'000	2021 £'000
Teaching costs	4,296	2,681
Non-teaching costs	851	1,448
Premises costs	1,262	1,522
	<u>6,409</u>	<u>5,651</u>

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration (excluding VAT):		
- Financial statements audit	37	38
- Internal audit	15	15
Other services provided by the financial statement auditor:		
-	-	-
- Teachers pension	1	2
Losses on disposal of non-current assets	-	1
Impairment losses	182	-
Hire of assets under operating leases	<u>135</u>	<u>31</u>

Notes to the Financial Statements

8 Interest and Other Finance Costs

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	191	196
Pension finance cost (see note 18)	327	315
	<u>518</u>	<u>511</u>

9 Taxation

The members do not believe that the Corporation is liable for any corporation tax arising out of its activities during the year.

10 Tangible Fixed Assets

	Freehold land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2021	30,749	6,471	37,220
Additions	-	444	444
Disposals	-	(169)	(169)
31 July 2022	<u>30,749</u>	<u>6,746</u>	<u>37,495</u>
Depreciation and impairment			
At 1 August 2021	7,656	6,020	13,676
Charge for the year	831	281	1,112
Impairments	182	-	182
Eliminated on disposal	-	(169)	(169)
At 31 July 2022	<u>8,669</u>	<u>6,132</u>	<u>14,801</u>
Carrying amount at 31 July 2022	<u>22,080</u>	<u>614</u>	<u>22,694</u>
Carrying amount at 31 July 2021	<u>23,093</u>	<u>451</u>	<u>23,544</u>

Tangible fixed assets inherited from Calderdale Council at incorporation with a net book value of £5,160,000 (2021: £5,270,000) were valued and this previous valuation represents deemed cost and are being written off over their remaining useful economic lives.

If inherited tangible fixed assets had not been valued, they would have been included at nil book value.

Notes to the Financial Statements

11 Investments

	Total £'000
Cost	
At 1 August 2021 and 31 July 2022	450
Amounts written off	-
At 1 August 2021 and 31 July 2022	(418)
Amounts owed to dormant subsidiary transferred to investment	(32)
Net book amount at 31 July 2022 and at 31 July 2021	-

The College owns 100% of the issued ordinary shares of Calderdale Associates Limited and Calderdale Catering Limited. Both companies have been dormant from 1 August 2002. In addition, the College owns 100% of the issued ordinary shares of Step Training Limited which has remained dormant since its creation in January 2007. The College also owns 100% of the shares of the dormant company Halifax New College Limited. All four companies are incorporated in England and Wales.

12 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	140	185
Prepayments and accrued income	1,460	1,619
Amounts owed by the ESFA	132	-
	<u>1,732</u>	<u>1,804</u>

13 Analysis of changes in net funds

	At 1 August 2021 £'000	Cashflows £'000	At 31 July 2022 £'000
Cash	11,619	(4,333)	7,286
Bank loans	(4,181)	201	(3,980)
Net funds	<u>7,438</u>	<u>(4,132)</u>	<u>3,306</u>

Notes to the Financial Statements

14 Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Bank Loan	209	201
Trade Payables	236	534
Other Taxation and Social Security	311	296
Other creditors	896	270
Accruals and deferred income	4,849	10,268
Deferred income – government capital grants	498	496
Amounts owed to the ESFA	319	-
	<u>7,318</u>	<u>12,065</u>

15 Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Bank Loans	3,771	3,980
Government capital grants	9,316	9,732
	<u>13,087</u>	<u>13,712</u>

16 Debt

Bank Loans

Bank loans are repayable as follows:

	2022 £'000	2021 £'000
In one year or less	209	201
Between one and two years	218	209
Between two and five years	706	679
In five years or more	2,847	3,092
	<u>3,980</u>	<u>4,181</u>

The bank loan with an arrangement principal of £3,980,000 is repayable by instalments falling due between 1 August 2022 and 30 September 2036 at an interest rate of 5.5% per annum on £3,119,000 and 3-month Sterling Overnight Index Average (SONIA) plus 1.3% on £861,000.

Notes to the Financial Statements

17 Provisions for liabilities

	Defined Benefit obligations £'000
At 1 August 2021	19,770
Increase in year	(15,178)
At 31 July 2022	<u>4,592</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in note 18.

18 Pension and Similar Obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions 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 West Yorkshire Pension Fund (WYPF). Both are multi-employer defined-benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal valuation of the TPS was 31 March 2016 and the WYPF 31 March 2019.

	2022 £'000	2021 £'000
Total Pension Cost for the Year		
Teachers' Pension Scheme: contributions paid	897	885
Local Government Pension Scheme:		
Contributions paid	1,067	990
FRS 102 (28) Charge (current service cost)	2,192	2,167
FRS 102 (28) Charge (past service cost)	-	-
Charge to the statement of comprehensive income	<u>3,259</u>	<u>3,157</u>
Total Pension Cost for the Year within Staff Costs	<u>4,156</u>	<u>4,043</u>

Contributions amounting to £220,000 (2021: £214,000) were payable to the scheme at 31 July 2022 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

Notes to the Financial Statements

18 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

Valuation of the Teachers' Pension Scheme

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2019/20). DfE agreed to pay a Teachers Pensions employer contribution grant to cover the additional costs during the 2021-21 academic year, and currently through to July 2023.

The next valuation (2020) result is due to be implemented from 1 April 2024.

The pension costs paid to TPS in the year amounted to £897,000 (2021: £885,000).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by WTPF. The total contribution made for the year ended 31 July 2022 were £1,438,000 (2021: £1,356,000) of which employer's contributions totalled £1,067,000 (2021: £990,000) and employees' contributions totalled £371,000 (2021: £366,000). The agreed contribution rates for future years are 17.6% for employers and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

Notes to the Financial Statements

18 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 carried out by a qualified independent actuary (AON).

	At 31 July 2022	At 31 July 2021
	%	%
Rate of increase in salaries	3.9	3.9
Future pensions increase	2.6	2.6
Discount rate for scheme liabilities	3.5	1.7
Inflation assumption (Consumer Price Index CPI)	2.6	2.6

Allowance has been made for the high inflation between 30 September 2021 and 31 May 2022 of 7.5%.

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

	At 31 July 2022	At 31 July 2021
Retiring today		
Males	21.8	21.9
Females	24.6	24.7
Retiring in 20 years		
Males	22.5	22.6
Females	25.7	25.8

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair value at 31 July 2022 £'000	Fair value at 31 July 2021 £'000
Equity instruments	26,464	25,285
Property	1,335	1,167
Government Bonds	2,303	2,585
Corporate Bonds	1,435	1,387
Cash	1,335	694
Other	501	410
Total fair value of plan assets	33,373	31,528
Actual return on plan assets	1,043	5,571

Notes to the Financial Statements

3 Pension and Similar Obligations (continued)

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

	2022 £'000	2021 £'000
Fair value of plan assets	33,373	31,528
Present value of plan liabilities	(37,965)	(51,298)
Net pensions liability	(4,592)	(19,770)

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	3,259	3,157
Past service cost	-	-
Total	3,259	(19,770)

	2022 £'000	2021 £'000
Amounts included in interest payable		
Net interest payable	(327)	(315)

Amount recognised in Other Comprehensive Income

	2022 £'000	2021 £'000
Return on pension plan assets	17,197	5,211
Experience losses arising on defined benefit obligations	500	544
Amount recognised in Other Comprehensive Income	17,697	5,755

Movement in net defined benefit/(liability) during year

	2022 £'000	2021 £'000
Net defined benefit liability in scheme at 1 August	(19,770)	(23,043)
Movement in year:		
Current service cost	(3,259)	(3,157)
Employer contributions	1,067	990
Net interest on the net liability	(327)	(315)
Actuarial gain	17,697	5,755
Net defined benefit liability at 31 July	(4,592)	(19,770)

Notes to the Financial Statements

3 Pension and Similar Obligations (continued)

Asset and Liability Reconciliation	2022 £'000	2021 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	51,298	48,426
Current service cost	3,259	3,157
Interest cost	870	675
Contributions by scheme participants	371	366
Actuarial (gains)	(17,197)	(544)
Estimated benefits paid	(636)	(782)
Defined benefit obligations at end of period	<u>37,965</u>	<u>51,298</u>
Changes in fair value of plan assets	2022 £'000	2021 £'000
Fair value of plan assets at start of period	31,528	25,383
Interest on plan assets	543	360
Return on assets (excluding net interest on the net defined benefit liability)	500	5,211
Employer contributions	1,067	990
Contributions by scheme participants	371	366
Estimated benefits paid	(636)	(782)
Fair value of plan assets at the end of the period	<u>33,373</u>	<u>31,528</u>

19 Capital Commitments

	2022 £'000	2021 £'000
Land and Buildings		
Commitments contracted for at 31 July 2022	<u>-</u>	<u>29</u>

20 Lease Obligations

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

Future minimum lease Payments due	2022 £'000	2021 £'000
Land and Buildings		
No later than one year	273	198
Later than one year and not later than five years	1,024	4
Greater than five years	510	-
	<u>1,807</u>	<u>202</u>

Notes to the Financial Statements

21 Related Party Transactions

Key management compensation disclosure is given in Note 6.

Calderdale College is part of a joint venture agreement with West Yorkshire Consortium of Colleges Limited (WYCC) and the Principal of the College is a Director of WYCC.

The College paid subscriptions to WYCC of £3,000 in 2021/22 (2020/21 £3,000).

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: None).

22 Access and participation expenditure

	2022 £'000	2021 £'000
Access investment	44	48
Financial support provided to students	17	38
Support for disabled students	-	-
--Research and evaluation related to access and participation	-	-
Total access and participation expenditure	61	86

Note. "Financial support provided to students" for 2021 includes £23,000 funded by OfS.

The College's access and participation plan is available on the College's website at:

<https://www.calderdale.ac.uk/university-centre/access-agreement/>

Notes to the Financial Statements

23 Amounts Disbursed as Agent

	2021 £'000	2020 £'000
Funding Body Grants		
Balance brought forward	845	684
Funding body grants – bursary support	135	268
Funding body grants – discretionary learner support	325	343
Interest earned	-	-
	<u>1,305</u>	<u>1,295</u>
Disbursed to Students	(311)	(412)
College allocation	(23)	(23)
Paid on behalf of the student	<u>(72)</u>	<u>(15)</u>
Balance unspent at 31 July	<u>899</u>	<u>845</u>

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

Income and expenditure relating to the Skills Enhancement Fund within the College's Statement of Comprehensive Income relates to the administration costs associated with the running of the project and any projects undertaken by the College.

	2022 £'000	2021 £'000
ESF Co-Financing (Skills Support for the Workforce)		
Balance brought forward	818	694
ESFA Grants	<u>3,367</u>	<u>3,262</u>
	<u>4,185</u>	<u>3,956</u>
Disbursed to partners	(2,803)	(2,542)
College allocation	<u>(657)</u>	<u>(596)</u>
Balance unspent at 31 July	<u>725</u>	<u>818</u>

In the majority of instances, the College only acts as a paying agent. In these circumstances, the grant and related disbursement are therefore excluded from the College's Statement of Comprehensive Income.

Notes to the Financial Statements

23 Amounts Disbursed as Agent (continued)

	2022 £'000	2021 £'000
Sheffield Skills Bank		
Balance brought forward	4,587	3,538
Receipts	-	3,495
	<u>4,587</u>	<u>7,033</u>
Disbursed to partners	(539)	(1,998)
Returned	(3,525)	
College allocation	(317)	(448)
Balance unspent at 31 July	<u>206</u>	<u>4,587</u>
	2022 £'000	2021 £'000
Kickstart		
Balance brought forward	6	-
Receipts	864	216
	<u>870</u>	<u>216</u>
Disbursed to partners	(665)	(154)
College allocation	(201)	(56)
Balance unspent at 31 July	<u>4</u>	<u>6</u>

24 Post Balance Sheet Events

On 29 November 2022, the Office for National Statistics (ONS) announced today that it has reclassified colleges into the central government sector with immediate effect. Department for Education guidance state that the College does not need retrospective permission for its existing loan facility but that refinancing commercially is unlikely to be possible under the managing public money framework. The College's current bank loan does not mature until 2036 and there are no current plans to refinance so the ONS change does not affect the College in the short-term or its going concern status.

Independent reporting accountant's report on regularity to the Corporation of Calderdale College and Secretary of State for Education acting through the Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 19 April 2022 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Calderdale College during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

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

Responsibilities of Corporation of Calderdale College for regularity

The Corporation of Calderdale College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Calderdale College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August

Independent reporting accountant's report on regularity to the Corporation of Calderdale College and Secretary of State for Education acting through the Education and Skills Funding Agency

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

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

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

Use of our report

This report is made solely to the Corporation of Calderdale College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Calderdale College and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Calderdale College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date

19/12/2022