



**Members' Report and
Financial Statements
for the Year Ended 31 July 2022**

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Waltham Forest College

Reference and Administrative Details

Board of Governors

Name	Role
P Butler	Chair of the Corporation
Y Abidou	Vice Chair of the Corporation
A Morris	Vice Chair of the Corporation
J Gardner	Principal and CEO
N Ahmed	Governor (to 7 February 2022)
C Buist	Staff Governor (to 31 May 2022)
F Royal	Governor (to 18 September 2021)
G Davies	Governor
P Douglas	Governor (to 31 August 2022)
M Eichhorn	Governor
F Joseph	Staff Governor (to 31 August 2022)
A Hall	Governor
S Hume	Governor
R Nzomono	Governor
A Seyyad	Governor
G Soyinka	Governor
N Taylor	Governor
J Young	Governor
D Talbot	Governor (from 11 October 2022)
V Georgia	Student Governor (to 31 August 2022)
M Muller	Student Governor (to 31 August 2022)
A Beekye	Staff Governor (from 1 September 2022)
I Gurmin	Co-opted Member of the Curriculum and Quality Committee

Executive Leadership Team

J Gardner	Principal and Chief Executive
H Rizvi	Deputy Principal - Curriculum & Quality
A Rodman-Tay	Deputy Principal, Finance and Resources

Registered Office

707 Forest Road, London E17 4JB

Professional Advisers

External Auditors	Macintyre Hudson, 6 th Floor, 2 London Wall Place, London, EC2Y 5AU
Internal Auditors	Wylie & Bisset LLP, 168 Bath Street, Glasgow, G2 4TP
Bankers	Barclays Bank Plc, 1 Churchill Place, London, E14 5AP
Solicitors	Bates Wells, 10 Queens Street Place, London, EC4R 1BE Eversheds Sutherland, Station Road, Cambridge, M1 5ES

Waltham Forest College

Report of the Members of the Corporation

NATURE, OBJECTIVES AND STRATEGIES

The members of the Waltham Forest College Corporation present their report and the audited financial statements for the year ending 31 July 2022.

Legal status

Waltham Forest College Corporation was established under The Further and Higher Education Act 1992, with its principal powers being to provide further and higher education, to provide specified secondary education, and to supply goods and services in connection with providing education.

Mission

The College's mission is:

"To deliver outstanding technical and professional learning, which raises aspirations, develops skills and creates futures."

Public benefit and strategic objectives

Waltham Forest College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 18 to 20.

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

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

- A responsive, innovative and flexible curriculum
- High quality teaching, learning and assessment
- Strong learner support systems
- High quality training environment and resources
- Effective specialist provision serves to widen participation and support social exclusion
- Collaboration with employers to meet the skills needed for industry
- Collaboration with the London Borough of Waltham Forest delivering skills and support needed for the local community.

The Strategic Plan focuses on delivering five key strategic aims and priorities:

Excellence and Innovation	To shift the College to 'outstanding' through innovation in teaching and learning and excellence in curriculum offer and delivery.
People and Culture	To recruit, retain, develop and reward talented staff who will enable learners to reach their full potential and take the College forward to 'outstanding'.
Employability and Future Careers	Develop skilled individuals that are employment ready and meet employer needs and the economic priorities of LBWF, London and beyond.
Growth and sustainability (Including Viability)	To be a future proofed, financially viable organisation able to invest for growth and sustainability.
Estate and Facilities for 21 st Century Learning	To provide a great environment for students and staff by continuing to improve our learning and social spaces and our sports facilities.

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Report of the Members of the Corporation (cont'd)

Waltham Forest College has developed effective strategic partnerships with employers and key stakeholders such as the London Borough of Waltham Forest (LBWF), DWP, GLA and Local London, to ensure it meets local and regional needs. The College is particularly agile to changing economic and social needs through a dynamic responsive curriculum that is not static and adapts throughout the year. Waltham Forest College uses a range of labour market intelligence information to help inform and shape the curriculum offer. Curriculum managers use RCU Vector information as part of their effective curriculum planning process to identify local trends, growth and skills shortage areas. Around 93% of businesses in the London Borough of Waltham Forest are SMEs or micro businesses. The College develops relationships with employers to support the alignment of the curriculum to local skills needs and supports progression to employment; 92% of all learners progress to positive destinations including further or higher study or employment. This rises to 96% for study programme learners

As an anchor institution within the local community, the College supports social cohesion within the local area. This includes developing programmes to meet the increased demand of young people not in education, employment or training (NEET), who experienced disruption to learning following the pandemic; programmes for the unemployed and increased ESOL provision for the growing number of migrants and refugees coming into the borough. The College has been particularly agile in its response to varying economic and social needs and has swiftly adapted its curriculum to the evolving needs of the region. This has included working in partnership with Job Centre Plus to quickly develop Sector Based Work Academy Programmes (SWAPs) to meet the needs of employers and support local unemployed residents into employment. These include bespoke programmes for the Civil Service (progression to 60%), SIA Security (100% progression to employment upon completion) and a joint partnership with Rail employers and JCP (95% progression to employment) and an additional Rail provision and the Probation Service supported ex-offenders into work in the Rail Industry (100% progression to employment on completion of programme).

The College has developed partnerships with colleges in the Local London Sub region and has worked collaboratively on several projects to meet skills needs including:

- Mayor's Academy – Green & Digital (8 colleges across Local London led by LSEC)
- Mayor's Academy – Creative (led by London Borough of Waltham Forest)
- Mayor's Academy – Hospitality (led by Capital Colleges Group)

In addition, the College has achieved accreditation for the Mayor's London quality kitemark for Construction, Green, Health, Hospitality and Creative industries confirming the high-quality training designed with employers delivered at the College.

Approximately 70% of learners are in the three most deprived bands, and over 90% of students are from an ethnic minority background. Approximately 12% of young people, compared to 44% in other General Further Education Colleges, come to Waltham Forest College having achieved both English and Maths GCSE at grade 4 or above. Despite this, learners achieve well at Waltham Forest College. The continued drive on encouraging high aspirations and supporting careers, not just courses has been high successful; around 96% of study programme learners have progressed to a positive destination, either to further or higher education or employment, including apprenticeships. The very high quality of careers, advice and guidance embedded within the whole college, has been externally recognised with the achievement of whole college accreditation for the Matrix Standard.

Covid-19

The College demonstrated resilience and adaptability in responding to the challenge of Covid-19 in the year. Given the uncertain environment Covid-19 created, it was essential that the College was able to be agile and responsive to different circumstances. Of paramount importance was ensuring the safety and wellbeing of students and staff. Risk assessments were undertaken, and infection control measures put in place to minimise the risk to all on-site. The management team worked closely with Public Health, DfE and staff and unions to closely monitor the effectiveness of actions in place and swiftly address updates to guidance.

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Report of the Members of the Corporation (cont'd)

Throughout the pandemic the college has remained open for face to face learning. Staff maintained daily contact with vulnerable learners where they were home based. Using the technology questionnaire completed for each learner at enrolment, the College was able to swiftly support students with laptops and ICT equipment where needed during to ensure they could continue their leaning remotely.

During the year the College has managed a suite of comprehensive College Key Performance Indicators (KPIs), which have been reviewed and monitored closely. The Corporation has received regular reports of progress on performance against these KPIs which measure performance against targets relating to learner recruitment, attendance, progress and success, and financial health; with the majority of these targets having been fully achieved in 2021/22.

Alongside the Strategic Plan, the College has a detailed three-year Financial Plan and KPIs which are regularly reported to the Corporation, showing targets relating to student recruitment, income generation, expenditure control, cash flow, loan covenants and financial health. A key financial objective for 2021/22 was to ensure the College achieved a 'good' to 'outstanding' financial health grade, as measured by the Education & Skills Funding Agency (ESFA); the College has achieved this objective.

Performance indicators

The College recognises the importance of comparing its performance against sector averages and, in particular, against indicators of student performance and success. The College continuously monitors its student performance against the extensive range of detailed Further Education (FE) sector averages which are available.

The College is required to complete the annual finance record for the Education and Skills Funding Agency (ESFA). For 2021/22, the College ESFA assessed financial health grade is 'Outstanding', which reflects the College's own self-assessment of its performance.

FINANCIAL POSITION

Financial results

The College generated a surplus before other gains and losses in the year of £1,465k, (2020/21 surplus of £1,191k); from total income of £25,105k (2020/21: £24,911k). Excluding FRS102 Section 28 pension adjustments and restructuring costs, the College achieved an adjusted operating surplus of £2,233k (2020/21: surplus £2,101k).

Operating Surplus / (Deficit)	2021/22	2020/21
	£'000	£'000
Income	25,105	24,911
Expenditure	23,640	23,720
(Deficit) before tax	1,465	1,191
Add back: restructure costs	6	92
Add back FRS102 (section 28) pensions adjustments	762	818
Adjusted operating surplus / (deficit)	2,233	2,101

The adjusted operating surplus arose from the ongoing financial control and effective management of operating expenditure. These have resulted in a financial health grade of 'outstanding' as calculated by the Education & Skills Funding Agency. The College expects to maintain a 'good' to 'outstanding' financial health grade in 2022/23.

College income improved by £194k (0.8%) year on year, due mainly to an increase in the income achieved from the Education and Skills Funding Agency 16-19 and Adult Education Budget funding allocations. Income from fees and education grants reduced by 19.7% mainly due to impact of covid-19.

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Report of the Members of the Corporation (cont'd)

The College continues to place significant reliance on recurrent grants from the further education sector's funding bodies, and in 2021/22 these funding bodies provided 86.7% (2020/21: 84.9%) of the College's total income. College expenditure increased by £80k (0.3%) year on year, to deliver the additional income.

The College holds accumulated net reserves, including defined benefit pension obligations of a positive balance of £2,378k (2021/22: £8,869k negative reserves), year-end cash balance of £9,483k (2020/21: £7,042k) and net current assets of £4,895k (2020/21: net current liabilities £2,292k). Cash holdings are expected to continue to be sufficient for the College to meet its liabilities during 2022/23.

Tangible fixed asset additions during 2021/22 totalled £517k (2020/21: £1,411k), backed by grants from the ESFA and GLA of £53k (2020/21: £1,126k). The College met its bank loan covenants as at 31 July 2022.

Key performance indicator	Measure/Target	Actual for 2021/2022
Student number targets -16-19	1,804	1,855
Student achievement/progression	86% National Average /NA	87.8%/ 92%
Operating surplus/EBITDA as % of income	£346k/ 7.15%	£1,465k/ 14.24%
Staff satisfaction (via survey)	66% National average	82%
Ofsted rating	Good	Good

Covid-19

The College has received £Nil (2020/21: £61k) from HMRC for the Coronavirus Job Retention Scheme (staff furlough).

Treasury policies and objectives

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

The College has a separate Treasury Management Policy in place.

All borrowing, whether short term for temporary revenue purposes, if required, or to fund long term investment, requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and liquidity

The College's net cash inflow from operating activities was £3,059k (2020/21: £5,966k). The cash position has significantly improved over the last three years due to actions taken by management. The College held 166 cash days as at 31st July 2022 as compared to 123 cash days as at 31st July 2021. This means that the College is at reduced risk from adverse short-term cash-flow movements.

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Report of the Members of the Corporation (cont'd)

The College continues to monitor and manage its daily cash-flow closely and provides regular updates to the bank on liquidity and cash flow. Cash holdings are expected to continue to be sufficient for the College to be able to meet its liabilities during 2022/23.

Reserves Policy

The College has developed a Reserves Policy as it recognises the importance of holding appropriate reserves to provide financial stability and resilience to the institution, whilst ensuring that adequate resources are provided annually to deliver the College's core business activity. The College aims to keep enough reserves to ensure its main operations can continue for a period of 12 months.

Financial Planning

The College is set to maintain, and in some cases, grow its services incrementally for the future. It holds an income and expenditure account surplus as at 31 July 2022 of £12,548k (2021: £9,887k) and an LGPS pension reserve deficit totalling £16,940k (2020/21: £25,916k). This year the LGPS pension liability reduced due to better than average market performance of equities and bonds, and a higher discount rate being applied to future liabilities.

Taking the LGPS pension reserve deficit into account, which is in line with many other Colleges in the FE sector; accumulated net reserves are positive in 2021/22 at £2,378k (2020/21 negative: £8,869k). The table below shows the balances on the College's income and expenditure account, revaluation reserve and its LGPS pension reserve.

Total Unrestricted reserves	2021/22	2020/21
	£'000	£'000
Income and expenditure account surplus	12,548	9,887
Pension reserve (deficit)	(16,940)	25,916)
Unrestricted reserves	(4,392)	(16,029)
Revaluation reserve	6,770	7,160
Total Unrestricted reserves	2,378	(8,869)

Financial Health

The College's financial health grade as assessed by the ESFA for 2021/22 is 'Outstanding' and through proactive management actions, it is expected to be 'Good' to 'Outstanding' for the coming academic year ending July 2023. The College exceeded its ESFA 16-19 allocation for 2021/22 by 3% and also exceeded its GLA and ESFA Adult Education funding allocation thresholds.

Curriculum and Quality

Enrolments

Waltham Forest College has continued to deliver against its strategic priorities and focus on maximising opportunities for learners aligning to the national, regional and local skills needs. The College has successfully worked with employers, partners and key stakeholders to deliver its growth strategy and prioritise development in key sector priority industries such as Construction, Green, Health, Digital and ESOL to meet skills needs. This has led to a continued trajectory of growth with an increase in study programme learners by circa 30% over the past three years. Areas of significant development have been targeted in priority sectors and has resulted in significant growth in key industries such as:

- Construction and Engineering by 246%
- Creative, Media and Production by 157%
- Digital by 111%
- Health & Sciences by 232%

Waltham Forest College

Report of the Members of the Corporation (cont'd)

Curriculum Development

The curriculum offered by the College in 2021-22 spans all levels, from Pre-Entry to Level 4, and across all types of vocational and other provision.

The college's strategic plan underpins the curriculum plan which has been reviewed to reflect national and local priorities. The key focus for the College is "Excellence and Innovation" as well as "Employability and Future Careers" which are achieved through:

- Providing an outstanding learning experience through excellent teaching.
- Developing a curriculum offer, influenced by employers, that provides clear progression routes into further learning or employment.
- Integrating maths and English into the vocational curriculum
- Enhancing learning through the use of technology
- Learner-centred leadership and active responses to the 'learner voice'.

The College is continuing to develop its curriculum to meet local, regional and national skills needs, particularly around higher level technical training.

Throughout the pandemic, the college has worked closely with key stakeholders, employers and partners in order to offer an agile and responsive curriculum offer. For example, a specialist rail programme in partnership with Rail employers and the probation service supports ex-offenders into full time employment following an intensive training programme developed jointly with the college and employers; 100% of learners completing the programme progressed to employment. Several sector-based work academies in partnership with JobCentre Plus were developed in Security, Civil Service and hospitality with progression to employment rates over 90% and a joint project with London Borough of Waltham Forest, the College and Breweries, supported local residents into work with local employers, helping to fill skills shortages.

Meeting Skills Needs

Waltham Forest College has developed effective strategic partnerships with employers and key stakeholders such as the London Borough of Waltham Forest (LBWF), DWP, GLA, Local London, Chamber of Commerce and Business LDN, to ensure it meets local and regional needs. The College is particularly agile to changing economic and social needs through a dynamic responsive curriculum that is not static and adapts throughout the year. Waltham Forest College uses a range of labour market intelligence information to help inform and shape the curriculum offer. Curriculum managers use RCU Vector information as part of their effective curriculum planning process to identify local trends, growth and skills shortage areas. Around 93% of businesses in the London Borough of Waltham Forest are SMEs or micro businesses. The College develops relationships with employers to support the alignment of the curriculum to local skills needs and supports progression to employment; 92% of all learners progress to positive destinations including further or higher study or employment. This rises to 96% for study programme learners.

As an anchor institution within the local community, the College supports social cohesion within the local area. This includes developing programmes to meet the increased demand of young people not in education, employment or training, (NEET) who experienced disruption to learning following the pandemic; programmes for the unemployed and increased ESOL provision for the growing number of migrants and refugees coming into the borough. The College has been particularly agile in its response to varying economic and social needs and has swiftly adapted its curriculum to the evolving needs of the region. This has included working in partnership with Job Centre Plus to quickly develop Sector Based Work Academy Programmes (SWAPs) to meet the needs of employers and support local unemployed residents into employment. These include bespoke programmes for the Civil Service (progression to 60%), SIA Security (100% progression to employment upon completion) and a

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joint partnership with Rail employers and JCP (95% progression to employment) and an additional Rail provision and the Probation Service supported ex-offenders into work in the Rail Industry (100% progression to employment on completion of programme).

The College has developed effective strategic partnerships and is represented on several local and regional Boards with key stakeholders helping to inform policy and strategy to meet regional needs. Examples include: GLA Hiring and Skills Group (reports to Mayor of London's Recovery Board); London First Business Advisory Group, LBWF Adult Skills Strategic Board, Local London, North London Chamber of Commerce. The College uses these partnerships to inform and respond to local, regional and national needs; examples include:

- Partnership with JCP for SWAPs for unemployed residents (Rail, Security, Civil Service)
- Partnership with Whitefields Special School and Project Search for Supported Internships at Whipps Cross Hospital with around 82% progression to employment
- Ongoing partnership with Probation Service and Rail Industry employers for Ex-offenders Rail programme with 100% guaranteed employment on completion of programme
- Partnership with JCP for onsite Youth Hub supporting unemployed residents up to 24 years of results in referrals and learners subsequently gaining employment as part of SWAPS

The College has developed collaborative partnerships with colleges in the Local London Sub region and has worked collaboratively on several projects to meet skills needs including:

- Mayors Academy – Green & Digital (8 colleges across Local London led by LSEC)
- Mayors Academy – Creative (led by London Borough of Waltham Forest)
- Mayors Academy – Hospitality (led by Capital Colleges Group)
- Professional development of skills for teachers with CCCG (DfE FE PD grant project) – led by Waltham Forest College

The positive impact of meeting local needs can be demonstrated in the high positive destinations at 92% overall, including a 6% increase in progression to permanent employment over 16 hours, and 96% positive destinations for 16-19 year olds

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. During the accounting period 1 August 2021 to 31 July 2022, the College paid 80% (2020/21: 80%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

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, and this is set out in the table below:

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Numbers of employees who were in relevant period	FTE employee number
6	4.8

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

Total cost of facility time	£15.4k
Total pay bill	£13,199k
Percentage of total bill spent on facility time	0.12%

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

Following its successful inspection by Ofsted in February 2018 when it was graded 'good', the College continues to improve quality and develop its curriculum working closely with employers to align to evolving skills needs.

The College's growth strategy, developing priority sectors, has been highly successful, with significant increases in key industries such as:

- Construction and Engineering by 246%
- Creative, Media and Production by 157%
- Digital by 111%
- Health & Sciences by 232%

Recruitment for 16-19-year-old students has increased by circa 30% over the last three years, rebasing the college for a strong and more resilience financial position. The college has been successful in several bids for adult education funds which has further strengthened the college's position both in terms of curriculum offer and financial position; overall income has grown by around 6% in 2021/22. This follows 13% of growth in 2020/21. This has allowed investment, curriculum, facilities and equipment and resources and investment in staff with increased continued professional development and a considerable increase in staff pay including bonuses.

The college continues to invest in its estate, upgrading and re-purposing to meet recruitment demand and around priority skills needs. The College has been successful on two capital bids – the transformation fund and T level capital fund. These projects will be delivered over the next two years and will further future support the college to meet future skills demands.

The College maintains a strong presence with local stakeholders and employers and has been agile in adapting its curriculum to align to the changing economic requirements and meet local, regional and national priorities. The College will continue to review its curriculum offer and methods of delivery to

Waltham Forest College

Report of the Members of the Corporation (cont'd)

meet the needs of learners and assess the infrastructure in terms of ICT and Estate to support its delivery.

The College is further investing in its resources and facilities to support the growing demand in green technology and has developed a new Estates and Sustainability Strategy which sets out the plan towards a carbon neutral College.

Going Concern

The College Corporation considers that Waltham Forest College remains a sustainable going concern for the forthcoming year from the date of signing of the financial statements until 31 December 2023 and for the foreseeable future. The most recent forecasts, for 2022/23 indicate that the College will maintain an 'Outstanding' financial health grade and its underlying financial position continues to improve and are robust.

The Corporation takes this view for the following reasons that during the next two-year period:

- there is no material uncertainty about the College's financial position and income streams
- the College's financial health as per ESFA guidelines is 'Outstanding' at 31 July 2022
- the increase in 16-19 learner numbers which the College experienced in 2021/22 will generate additional income in 2022/23.
- the College has in place strong detailed financial forecasting and planning arrangements with a sensitivity analysis and scenario planning allowing prompt remedial management action if required
- cash-flow estimates for the period to 31 December 2022 indicate that the College will continue to hold sufficient cash to meet its short-term commitments and obligations and to be able to undertake capital investment to maintain the current volumes and quality of facilities and equipment.
- there is a robust risk management and assurance framework in place to help assess and mitigate risk

Post balance sheet events

Following a review by the Office for National Statistics, it has been formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector. This reclassification will change the framework in which College operates. Having reviewed initial guidance from the Department for Education and the Association of Colleges the Governors do not believe this reclassification has an impact on the financial results prepared within these financial statements as conditions arose after the end of the reporting period. The College will continue to be funded and operate in the manner described within the members report and as such no adjustments have been made in regard to this event and any potential impacts will be recognised in future accounting periods.

RESOURCES

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

Financial

The College has £19.3m (2020/21: £17.0m) of total net assets, before taking into account the defined benefit obligations liability totalling £16.9m (2020/21: £25.9m) relating to the LGPS pension scheme.

People

As at 31 July 2022 the College the total number of established staff employed was 320, which equates to full time equivalent of 257. the breakdown of this is included below.

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Report of the Members of the Corporation (cont'd)

Established Staff by Job Type

Job Type	Head count	FTE
Teaching, Learning and Assessment (TLA) – this category includes teachers, assessors and learning tutors	112	87
Manager – this category includes all deputy heads*, heads of departments and business support managers as well as senior managers	47	45
Support – this category includes business and curriculum support staff including apprentices.	161	125
ALL	320	257

**Please note there are 13 deputy heads all of whom have some line management duties though in varying degrees depending on the needs of the curriculum area. Deputy heads have a contracted teaching commitment of 14 hours a week. but for the purposes of this report have been included in the manager category.*

Reputation

The College has grown its reputation both locally and nationally and this can be seen in the significant growth in student numbers and with the development of strategic partnerships with employers and key stakeholders. The College is represented on several local, regional and national strategic boards and works closely with employers and industry sector bodies helping to inform and shape strategies to meet skills needs. In addition, the development of a range of collaborative partnerships with other colleges and community partners has provided opportunities to share best practice and support strategic planning of skills needs across the Local London sub region.

The College continues to strengthen and embed its systems of internal control, including financial, operational and risk management which are designed to protect the College's assets and reputation. Over the past year, the college has successfully implemented several new systems to streamline processes and improve efficiency including and new HR system, student information system and finance system. This is part of an ongoing strategy to update and improve systems and processes, improve quality and efficiency and reduce workload where possible.

The Executive Team undertakes a regular comprehensive review of the risks which the College is facing and supports this with scenario planning and strength testing processes. The College's detailed risk management arrangements identify systems and procedures, including specific preventable actions which should mitigate any potential adverse impact on the College. Internal controls are implemented, and the on-going reviews monitor the effectiveness and progress of the risk mitigation actions. As part of the on-going review, the Executive Team regularly consider any new risks arising from changing circumstances or new areas of work being undertaken by the College.

Principal Risks and Uncertainties

A Risk Register is maintained at the College level which is reviewed regularly by the Executive Team's Risk Management Board, chaired by the Principal & Chief Executive, and by the Audit Committee. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College's finances and reputation, and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system which places a score on each risk before and after mitigating actions. The risk management of the college is supported by strength testing and scenario planning which helps the college to reduce risks and maximise opportunities. This has helped the college's agile and responsive approach throughout the pandemic and changing economic climate.

This is supported by a risk management training programme for managers to ensure a high level of risk awareness and a consistent approach to risk management throughout the College. Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

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Report of the Members of the Corporation (cont'd)

1. Government funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies. In 2021/22, 87% (2020/21: 85%) of the College's revenue was publicly funded directly through funding agencies. This level of high dependence on direct public funding potentially places the College at financial risk in an environment of falling real public funding.

The College is aware of several challenges which may impact adversely on its future funding:

- Apprenticeship income may be impacted by economic uncertainties resulting from Covid-19
- Tuition Fee income, and Advanced Learner Loans may be impacted by the difficult economic conditions
- Brexit uncertainty and associated impact on public funding
- Impact of Office of National Statistics (ONS) reclassification of Colleges to the public sector
- On-going constraints surrounding the availability of public funding
- The Government continues to review its priorities for the adult skills sector in order to meet the skills needed for the UK to compete in the global economy
- The arrangements for apprenticeship levy and non-levy funding, which was introduced in May 2017, has seen much slower national engagement by employers than expected
- Strong competition for the recruitment of 16-19 learners
- Students being required to contribute more of their own monies to fund their learning through fees and/or student loans.

These risks are mitigated in a number of ways:

- Delivering controlled profitable growth, especially to areas of demand-led funding i.e. apprentices and loan funded provision
- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Diversifying the course offer to meet local demand.
- Maintaining a strong local presence through effective marketing, and local networking with employers and local public bodies.
- Active monitoring of recruitment and maintaining an agile and flexible response to changes in levels of student demand and funding experienced.

2. Cost Management and Reduction

The College faces on-going pressure to reduce its cost base in the face of continuing difficulty in recruiting skilled staff, uncertainties in the level of public funding, whilst at the same time investing in new curriculum offers, in quality improvement strategies and in business transformation strategies.

Cost-related risks are mitigated in a number of ways:

- Rigorous budgetary control
- Integrated planning of teaching resources, student recruitment targets and income targets
- Increased efficiency in course delivery – larger group sizes and ensuring appropriate staff utilisation
- On-going review of certain support functions
- Implementation of property strategy to drive estates efficiencies.

3. Curriculum Quality

Waltham Forest College's ambitious curriculum is designed to prepare learners with the knowledge, skills and behaviours needed to enter employment and progress their careers, forming the skilled,

Waltham Forest College

Report of the Members of the Corporation (cont'd)

resilient and adaptable workforce that our local and regional employers need. Learners are equipped with the confidence to actively participate in their communities, significantly contributing to social cohesion and inclusion within the local and surrounding boroughs of the College.

The strength of the College's business and financial performance is largely driven by the quality of its provision and its continued improving reputation as the college of choice for learners, employers and staff.

Curriculum quality-related risks are mitigated in a number of ways:

- Relentless drive on continued quality improvement and robust quality processes
- Regular monitoring of performance by leaders and managers resulting in swift intervention strategies as appropriate
- Detailed scrutiny of progress and performance by Governors both through the Curriculum & Quality Committee and Corporation.
- Implementation of a robust Quality Improvement Plan (QIP)
- Rigorous self-assessment processes and highly effective quality improvement strategies
- Targeted focus on continued professional development and the upskilling of industry specialist teachers, including working with external partners such as employers and ETF

Overall learner achievement in 2021-22 remained consistent despite the lack of exams and formal education for many young people in the two years prior to joining the college.

The College's performance in 2021-22, compared to the last known national rates (NR) published for 2018/19 is:

- Overall achievement rate (all ages) – 87.8% (NR 86.0%)
- Overall achievement rates for 16-18 - 83.2% (NR-82.6)
- Overall achievement rates for 19+ - 90.9% (NR-89.1%)
- Overall Apprenticeship achievement rates – 57.9% (NR-57.7%)

The College's Level 3 study programme provision has increased by 22% over the last three-years with significant growth in areas where there are skills gaps including healthcare, digital, creative, electrical and construction. Learners on these programmes have an overall positive destination of 92% into further education, HE, apprenticeships and/or employment.

The continued drive to raise aspirations is having a strong impact with the achievement of high grades for level three learners increasing by over 40% since 2019/20.

The College continues to develop the curriculum working with employers and key stakeholders to ensure it continues to be aligned to key priority areas and continues to be highly effective in meeting skills needs.

The excellent quality of the college's careers, advice, guidance is well embedded across the college and has been externally recognised with the achievement of whole college Matrix accreditation in 2022.

STAKEHOLDER RELATIONSHIPS

Waltham Forest College has developed effective strategic partnerships with employers and key stakeholders such as the Great London Authority (GLA), London Borough of Waltham Forest (LBWF), JobCentre Plus, Business LDN and Local London, to ensure it meets local and regional needs. The College is particularly agile to changing economic and social needs through a dynamic responsive curriculum that is not static and adapts throughout the year. Waltham Forest College uses a range of labour market intelligence information to help inform and shape the curriculum offer. Curriculum managers use RCU Vector information as part of their effective curriculum planning process to identify local trends, growth and skills shortage areas. Around 93% of businesses in the London Borough of Waltham Forest are SMEs or micro businesses. The College develops relationships with employers to support the alignment of the curriculum to local skills needs and supports progression to employment.

Waltham Forest College

Report of the Members of the Corporation (cont'd)

The College has developed effective strategic partnerships and is represented on several local and regional Boards with key stakeholders helping to inform policy and strategy to meet regional needs. Examples include: GLA Anchor Employer Hiring and Skills Group (reports to Mayor of London's Recovery Board); London First Business Advisory Group, LBWF Adult Skills Strategic Board, Local London, North London Chamber of Commerce, AoC Employment and Skills Board. The College uses these partnerships to inform and respond to local, regional and national needs.

Public Benefit

Waltham Forest College is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The Members of the Governing Body, who are trustees of the charity, are disclosed on pages 18 to 20.

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education. In 2021/22 the College achieved this in particular by:

- Providing high quality education and training leading to achievement above national rates and excellent progression to further or higher education and employment.
- The college has successfully developed effective strategic partnerships with employers, partnership and stakeholders to meet skills needs and continues to shape the curriculum and estate to facilitate this.

SAFEGUARDING AND PREVENT DUTIES

The College has a statutory duty embodied in the Department for Education's (DfE) statutory guidance for schools and colleges, 'Keeping Children Safe in Education 2022', which sets out the responsibilities placed on schools and colleges to safeguard and promote the welfare of children. The College meets these duties through having robust policies and procedures in place and through effective reporting, monitoring and training. There is a dedicated team of safeguarding practitioners known as the 'BeSafe' Team to ensure disclosures are managed in line with statutory requirements.

The College has a legal responsibility since September 2015 under the Counter-Terrorism and Security Act 2015 to have due regard to the need to prevent people from being drawn into terrorism or other forms of extremism. Waltham Forest College proactively implements its 'Prevent' strategy through a range of actions by:

- Having in place robust policies and procedures and effective arrangements for reporting, monitoring and training
- Promoting policies and values to reflect a tolerant and welcoming community for all learners
- Putting extensive measures in place to protect students from the risk of external elements including the control of entry to the campus, the management of external visitors and speakers, a strong focus on the display of ID information and appropriate online firewall, security and monitoring.
- Educating students to fulfil their potential and be successful in their future lives
- Fostering positive relationships with police and community partners
- Promoting British values and enabling students to engage successfully with their communities
- Encouraging and developing students' resilience and critical thinking skills to challenge and debate in an informed way
- Equipping staff with the knowledge of possible indicators of concern with regards to extremist opinions

Waltham Forest College

Report of the Members of the Corporation (cont'd)

Equality and Diversity

The College is committed to ensuring equality of opportunity for all who learn and work at the organisation. The College is committed to ensuring that all students have the opportunity to succeed and that all parts of the College should provide a consistently high quality service to students.

The College respects and values positively differences in ethnicity, gender, sexual orientation, ability, religion or belief, class, marital status and age. The College strives vigorously to remove conditions that place people at a disadvantage and we will actively combat discrimination. The College arrangements are resourced, implemented and monitored on a planned basis.

The College has a range of policies, procedures and frameworks associated with equality and diversity (including an Equality Scheme) to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on new policies and procedures and publishes the results. Equality impact assessments are also undertaken of existing policies and procedures on a prioritised basis. The College has a diverse workforce, including senior management that is reflective of the communities it serves.

The College is positive about employing people with disabilities. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Disability Statement

The College has developed a comprehensive Disability Statement. This statement seeks to achieve the objectives set down in the Equality Act of 2010 and follows the guidelines set out in the SEN Code of Practice 2014. In support of this statement, the College makes the following commitments:

- **Physical access** – Over 95 per cent of the Forest Road campus is fully accessible. The College is committed to improving the access arrangements for the benefit of all members of the community.
- **Equipment and resources** – The College has an extensive range of equipment, software and resources available to students with additional learning needs and/or disabilities.
- **Admissions** – The College entrance criteria is outlined in the Admissions Policy. Appeals against a decision not to offer a place are dealt with under the complaint's procedure. Learners with an Educational Health Care Plan (EHCP), and therefore allocated High Needs Funding, are welcomed at the College via the appropriate referral process and offered suitable courses in line with the Local Authority guidelines.
- **Support to students** – The Additional Learning Support and Foundation Learning team provides specialist group, individual or in-class support. Within these teams there are staff with specialist expertise in the following areas; autistic spectrum disorders, learning disabilities, dyslexia, social, emotional and mental health challenges. The additional support team includes staff trained in British Sign Language, a Speech and Language Therapist, Visual Impairment specialist and access to an Educational Psychologist. The College can provide access to other specialists as necessary.
- **Specialist programmes** – Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the College format.
- **Counselling** – Welfare and Wellbeing services are available for learners to access and promoted during the induction period and whilst on programme.

Waltham Forest College

Report of the Members of the Corporation (cont'd)

Disclosure of Information to the Auditor

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 13 December 2022 and signed on its behalf by:



Paul Butler, Chair of the Corporation

Waltham Forest College

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to Colleges from the Association of Colleges in The Code of Good Governance for English Colleges ('the Code'); and
- iii. having due regard to the UK Corporate Governance Code 2016 in so far as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges and the UK Corporate Governance 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 issued by the Association of Colleges in March 2015. The Code was last revised in September 2021 and accordingly adopted by the Corporation on 14 December 2021.

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

Corporation Names	Date of Original Appointment	Date of Re-appointment	Term of Office	Due Date for Term Completion	Committees Served	Meeting Attendance 2021/2022
Youness Abidou Member & Vice Chair	23-Feb-15	17-Jan-22	4 years	16-Jan-26	Finance & Resources Committee (Chair) Search, Governance & Remuneration Committee (Chair)	5/8 (63%)
Nadia Ahmed Member	26-Mar-19	27-Jan-21	4 years	Resigned 7 February 2022	Finance & Resources Committee	0/4 (0%)
Craig Buist Staff Member	24-Mar-21		2 years	Resigned 31 May 2022	Finance & Resources Committee	7/7 (100%)
Paul Butler Member & Chair	13-May-13	22-May-18	4 years	31.07.2023 Extended term of office for a further 1 year term on 15 March 2022	Search, Governance & Remuneration Committee	8/8 (100%)

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

Corporation Names	Date of Original Appointment	Date of Re-appointment	Term of Office	Due Date for Term Completion	Committees Served	Meeting Attendance 2021/2022
Gary Davies Member	05-Feb-20	27-Jan-21	4 years	04-Feb-25	Curriculum & Quality Committee, Search, Governance & Remuneration Committee	5/8 (63%)
Paul Douglas Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	Resigned 31 August 2022	Audit & Risk Committee	5/8 (63%)
Michael Eichhorn Member	30-Sep-20	Confirmed for full 4 year term on 20 July 2021	4 years	30-Sep 2024	Audit & Risk Committee, Search, Governance & Remuneration Committee	8/8 (100%)
Janet Gardner Member & Principal	31-Jul-20				Finance & Resources Committee Curriculum & Quality Committee	8/8 (100%)
Andrew Hall Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Curriculum & Quality Committee	8/8 (100%)
Susannah Hume Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Curriculum & Quality Committee	7/8 (88%)
Fosterer Joseph Staff Member	18-Oct-21		2 years	Resigned 31 August 2022	Curriculum & Quality Committee	7/7 (100%)
Alison Morris Member & Vice Chair	31-Oct-17	12 July 2022	4 years	01-Oct-26	Curriculum & Quality Committee (Chair), Search, Governance & Remuneration Committee	8/8 (100%)
Renatta Nzomono Member	06-Jun-16	27-Jan-21	4 years	30-Apr-25	Audit Search, Governance & Remuneration Committee	7/8 (88%)
Frank Royal Member	19-Sep-17	18-Sep-21	4 years	18-Sep-21		N/A

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

Corporation Names	Date of Original Appointment	Date of Re-appointment	Term of Office	Due Date for Term Completion	Committees Served	Meeting Attendance 2021/2022
Amir Seyyad Member	15-Mar-22		1 year	14-Mar-23	Finance & Resources Committee	1/1(100%)
Gbeminiyi Soyinka Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Finance & Resources Committee	7/8 (88%)
Neil Taylor Member	26-Mar-19	27-Jan-21	4 years	25-Mar-25	EPPWG Chair	8/8 (100%)
Jacqueline Young Member	30-Sep-20	Confirmed for full 4 year term on 20 July 2021	4 years	30-Sep-24	Audit & Risk Committee	4/8 (50%)
Vanessa Georgia Student Member	Oct-21		1 year	31-Aug-22		0/3 (0%)
Meghan Muller Student Member	Oct-21		1 year	31-Aug-22		1/3 (33%)
Antoinette Beekye Staff Member	01-Sep-22		2 years	31-Aug-24	Curriculum & Quality Committee	N/A
Darren Talbot	11-Oct-22		1 year	10-Oct-23		N/A

Ms Naomi Shoffman the Director of Governance has acted as Clerk to the Corporation since her appointment in March 2021.

The average attendance for all Members of the Corporation during 2021/22 was 81% of potential attendances.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and staffing-related matters including health and safety and environmental issues. The Corporation met eight times in the year.

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 & Risk, Finance & Resources, Curriculum & Quality and Search, Governance and Remuneration. Full minutes of all meetings, except those deemed confidential by the Corporation, are available on the College's website at www.waltham.ac.uk or from the Clerk to the Corporation at:

Waltham Forest College, 707 Forest Road, London E17 4JB.

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

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.

The College's Corporation comprises members, staff members and student members (as set out on pages 18 to 20) appointed under the Instrument of Government of the College. The roles of Chair and Vice Chair of the Corporation are separated from the role of the College's Principal and Chief Executive. The Corporation holds to itself the responsibilities of the strategic direction of the College, approval of major developments and the receipt of regular reports from the Principal and Chief Executive and other officers on the operations of its business.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation 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 meetings. Briefings are also provided on an ad-hoc basis. The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Review of Governance

The Corporation carries out an annual review of the performance of its duties and responsibilities as part of a continuing process of self-evaluation. An external review of Governance, that is required every 3 years, was carried out in October 2019. The external review was conducted by Ron Matthews. The key recommendations were:

- Review the Skills Audit
- Secure the appointment of the second staff Governor
- Complete a training needs analysis amongst Governors
- Convert existing Policy Governance Model to a Committee and Corporation Model and review the Committee memberships
- Review the presentation of the Risk Register to ensure each Committee reviews the risks relative to their area of responsibility
- Further develop the existing Dashboard of KPIs to including RAG rating and circulate relevant elements to each Committee
- Review whether the current electronic system to distribute minutes and agenda meets the needs of the revised structure
- Ensure succession planning is in place to replace the existing Chair in the near future
- Look to facilitate informal meeting of Governors once the pandemic has passed to increase Board cohesion

All the above actions were implemented in a timely manner.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search, Governance and Remuneration Committee, comprising members who are responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

Corporation performance

The annual self-assessment exercise for Board performance and Committee effectiveness in the academic year 2021-22 took place in September 2022. Outcomes from this review will be used to inform the preparation of the College's Self-Assessment Report and Board Action plan 2022-2023.

The evidence from the review shows that:

- The College makes good use of partnership working both within the local and wider community.
- the Board has had a positive impact on the College's outcomes and there is strong evidence that is proficient in some of the key effectiveness features outlined above.
- The new Governance Structure is having a positive impact on the College in terms of Committee scrutiny and challenge.
- The refresh of the Board membership has expanded the skills and experience of the Board in line with business needs and succession planning.

The action plan to address the Evidence based recommendations has been completed. The main actions taken were:

- Implementation of the new Committee and Corporation structure on 1 September 2021
- Presentation of the Risk Register to each Committee to review the risks relative to their area of responsibility
- Adoption of revised KPIs and strategic objectives to enable Governors to quickly see the progress being made by the College.
- Starting the process of succession planning to replace the Chair who is due to step down at the end of 2022/23 academic year.

Search, Governance and Remuneration Committee

Waltham Forest College Instrument and Articles of Government, https://www.waltham.ac.uk/images/documents/governance/Waltham_Forest_College_Instrument_and_Articles_2021_22.pdf define certain senior key personnel as Senior Post Holders (SPH) and provide that the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts are matters for Governing Body (IAG Article 3(e) refers).

The Governing Body has established a Search, Governance and Remuneration Committee with Terms of Reference that include;

- advising Governing Body on the framework for Senior Post Holders remuneration and
- determining the pay of individual SPH.

At its meeting on 26 March 2019, Governing Body agreed to adopt the AoC Colleges' Senior Staff Remuneration Code (the AoC Code), complying with 'must' statements and having regard to 'should' statements.

The Association of Colleges (AoC) Code includes the requirement that the College must publish a readily accessible annual statement, based on an annual report to its governing body. The purpose of this report is to address that requirement.

Search, Governance and Remuneration Committee membership

Committee memberships are ratified, on an annual basis, by the Corporation.

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

The Search, Governance and Remuneration Committee membership for 2021/22 comprised:

- Youness Abidou Chair of the Committee and Vice Chair of the Corporation and Chair of the Finance & Resources Committee
- Paul Butler Chair of the Corporation
- Alison Morris Vice Chair of the Corporation and Chair of the Curriculum & Quality Committee
- Renatta Nzomono Chair of Audit & Risk Committee
- Michael Eichhorn Vice Chair of Audit & Risk Committee
- Gary Davies Vice Chair of The Curriculum & Quality Committee

No consultants have been engaged by this Committee during 2021/22.

50% of Committee members were present, at each meeting of the Search, Governance and Remuneration Committees in 2021/22 which were held on:

- 30 November 2021
- 9 March 2022
- 21 June 2022

Senior Post Holders

The roles designated as Senior Post Holders (SPH) and therefore within the remit of the Remuneration Committee are:

- Chief Executive and Principal
- Deputy Principal Curriculum and Quality
- Deputy Principal Finance and Corporate Resources
- Director of Governance (Clerk to the Corporation)

The College's Search, Governance and Remuneration Committee met on:

30 November 2021 - To consider and receive the following items

- Corporation Membership – Update
- Governance Issues -
- Senior Post Holders Performance Reviews 20/21 Performance Targets 21/22 -
- Annual Report of the Remuneration Committee – 2020/21

9 March 2022

To consider and receive the following items

- Corporation Membership – Update
- Governance Issues -
- Senior Post Holders Salary Reviews 20/21

21 June 2022 - To consider and receive the following items

- Corporation Membership – Update
- Governance Issues
- Review of Committee's Terms of Reference and Cycle of Business
- Committee Self Assessment
- Senior Post Holders Salary Reviews 20/21

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

Remuneration process and Remuneration Policy

The Process and Policy have been devised with regard to the principles of the AoC Code, so that the College has:

- a fair and competitive salary offer to attract and retain high performing staff;
- a framework for SPH remuneration that is affordable and
- decision-making processes for SPH remuneration that are fair, transparent and accountable.

Choice of comparator College(s)/organisation(s)

In setting the range for each role the Committee had regard to the latest benchmark data for relevant roles published in the Association of College's Senior Pay Survey 2021.

The Committee considered salary data for Colleges with a turnover of £20-£25m as Waltham Forest College's turnover in 2021/22 was c £25m.

The salary ranges agreed by the Committee are published in the Policy, which also notes that these are guides for the Committee to determine an appropriate spot point, having had regard to the context of the College as well as the performance of the individual role holder.

The salary ranges are intended to provide the Committee with a framework for making fair and consistent decisions about individual salaries, in relation to the demands of the role, other roles in the College and compared to similar roles in equivalent Colleges elsewhere in the UK. In this review, the Committee sought to ensure that the College's SPH remuneration was both competitive and affordable.

Policy on income derived from external activities

The Code requires Colleges to justify any retention of external income by SPH in addition to their remuneration. The College includes an exclusivity of service clause in its SPH employment contract, which requires an SPH to obtain express permission for additional external work (whether or not it is remunerated).

There were no instances of remunerated external work taking place at the time of the meeting.

In the event of an SPH requesting approval of external work, the Chair of the Remuneration Committee would determine how much, if any, of the additional remuneration the SPH would be permitted to retain and the grounds for this.

Pay multiple of the Chief Executive / Principal and the median earnings of the institution's whole workforce

Chief Executive pay: £144,524 pa. - Median Earnings of WFC workforce – median gross salary of £19,059 which is a multiple of 7.58.

Total Emoluments of the Chief Executives/Principal

Emoluments of the Chief Executive/Principal (£)	2021/22	2020/21
Salary	144,524	142,000
Performance Pay	N/A	N/A
Benefits	N/A	N/A
Subtotal	144,524	142,000
Employer Pension Contributions	33,790	37,000
TOTAL	178,314	179,000

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

Significant changes for 2021/22

The changes this year have mainly been to ensure that the College complies with the AoC Code, including:

The Remuneration Committee has been merged with the Search Committee to form the Search, Governance and Remuneration Committee.

Expenses Policy

This is contained within the College Financial Regulations.

Audit & Risk Committee

Committee memberships are ratified, on an annual basis, by the Corporation.

No consultants have been engaged by this Committee during 2021/22.

The Audit & Risk Committee comprises four members of the Corporation (who exclude the Principal & Chief Executive and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee met three times during 2021/22 on:

- 2 Dec 2021
- 14 March 2022
- 5 July 2022

All meetings were quorate with individual attendance recorded as follows:

	2 Dec 2021	14 March 2022	5 July 2022	TOTAL
Renatta Nzomono (Chair)	√	√	√	3/3
Paul Douglas	√	x	√	2/3
Michael Eichhorn	√	√	√	3/3
Jacqueline Young	√	√	x	2/3
	4/ 4 100%	3/ 4 75%	3/ 4 75%	10/12 83%

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

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

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

The Audit & Risk Committee also advises the Corporation on the appointment of internal, financial statement and regularity auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

The review by the Audit & Risk Committee extends to a review of the performance of the financial statements and regularity auditors and the internal auditors.

INTERNAL CONTROL

Scope of Responsibility

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

The Corporation has delegated day-to-day responsibility to the Principal and Chief Executive, 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Waltham Forest 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 on-going 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 and the Audit & Risk 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 system of delegation and accountability. In particular, it includes:

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

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

The College has engaged an internal audit service provider, 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 the Internal Audit service (HIA) provides the Governing Body with a report on the internal audit activity in the College.

The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

RISKS FACED BY THE CORPORATION

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Leadership Team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

CONTROL WEAKNESSES IDENTIFIED

The Corporation are satisfied that sufficient internal audit work has been undertaken to draw a conclusion as to the adequacy and effectiveness of the College's risk management, internal controls and governance processes. There were no significant internal control weaknesses or failures identified during internal audit and the overall assurance given was strong and significant in all cases.

RESPONSIBILITIES UNDER FUNDING AGREEMENTS

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency and the Greater London Authority are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and the Greater London Authority and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk. The Corporation can confirm that the funding from the Education Funding Agency and Greater London Authority have been applied for the purposes intended in accordance with the Financial Memorandum of Understanding.

STATEMENT OF THE AUDIT & RISK COMMITTEE

The Audit & Risk Committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the Corporation has effective internal controls in place. The specific areas of work undertaken by the Audit & Risk Committee in 2021/22 and up to the date of the approval of the financial statements are:

- Procurement
- Purchase Ordering Process
- Cybersecurity
- Subcontracting Controls

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

- SLT and Governors Reporting
- Follow-Up Review (not implemented or partially implemented)
- Overall Financial Controls
- Estates Facilities and Security

In addition, on the basis of the information available to the Audit & Risk Committee, the committee is satisfied that the Corporation's and Chief Accounting Officer's responsibilities, included in the Financial Statements, have been satisfactorily discharged.

Review of Effectiveness

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal and Chief Executive's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditor, the regularity auditor, the internal 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 her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Executive 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 Executive Team and Audit Committee also receives regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Principal & Chief Executive and 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 Principal and Chief Executive 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*'.

The following activities were undertaken during the year to develop governors and the director of governance

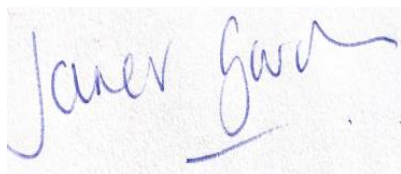
- Risk Management Workshop
- Exploring the complexities of college governance CDN virtual conference
- AoC Chairs and Vice Chairs meeting
- Safeguarding, Challenging Unconscious Bias, Prevent awareness
- AoC new governors' induction sessions
- Staff Governors Conference
- Student Governor Induction (AoC/ETF)
- AoC London Principals', CEO's, Chairs' & Vice Chairs' Forum
- Safety in Recruitment Training
- AoC Curriculum and Quality Committee Chairs' Network
- AoC masterclass - Financial Health Grades/ FEC Benchmarks

Waltham Forest College

Statement of Corporate Governance and Internal Control (cont'd)

As detailed above the Corporation has conducted an annual self-assessment of governance

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:



Janet Gardner
Principal and Chief Executive
(Accounting Officer)



Paul Butler
Chair of the Corporation

Waltham Forest College

Statement of regularity, propriety and compliance with Funding body terms and conditions of funding

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 non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.

Signed by:



Janet Gardner
Principal and Chief Executive
(Accounting Officer)

Statement of the Chair of Governors

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

Approved by order of the members of the Corporation on 13 December 2022 and signed on its behalf by:

Signed by:



Paul Butler
Chair of the Corporation

Waltham Forest College

Statement of the 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 Education and Skills Funding Agency (ESFA), Greater London Authority (GLA) the Corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period. Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. In preparing the financial statements, the Corporation is required to:

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

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

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

The Corporation is responsible for the maintenance and integrity of its website; 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 the ESFA and GLA, and any other public funds, are used only in accordance with ESFA's and GLA'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 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 13 December 2022 and signed on its behalf by:



Paul Butler, Chair of the Corporation

Waltham Forest College

Independent Auditor's Report to the Corporation of Waltham Forest College

Opinion

We have audited the financial statements of the Corporation of Waltham Forest College (the 'College') the year ended 31 July 2022 which comprise the Statement of comprehensive income and expenditure, the Statement of changes in reserves, the Balance sheet, the Statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the College's affairs as at 31 July 2022 and College's the surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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 governor's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Waltham Forest College

Independent Auditor's Report to the Corporation of Waltham Forest College (cont'd)

Matters on which we are required to report by exception

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

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

Responsibilities of the Governing Body of Waltham Forest College

As explained more fully in the Statement of Corporation Responsibilities on page 30, the Members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body 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 Governing Body 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 Governing Body either intends to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- 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;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of College staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the

Waltham Forest College

Independent Auditor's Report to the Corporation of Waltham Forest College (cont'd)

events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

MHA MACINTYRE HUDSON

MHA MacIntyre Hudson

Chartered Accountants and Registered Auditor
2 London Wall Place
London,
EC2Y 5AU
United Kingdom

Date 21/12/2022

Waltham Forest College

Reporting Accountant's Assurance Report on Regularity

To: The Corporation of Waltham Forest College and Secretary of State for Education acting through the Education and Skills Funding Agency ("the ESFA")

In accordance with the terms of our engagement letter dated 25 November 2022 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Waltham Forest College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Waltham Forest College and the reporting accountant

The corporation of Waltham Forest College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 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.

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity and propriety.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

Waltham Forest College

Reporting Accountant's Assurance Report on Regularity (cont'd)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them nor have been improper.

MHA MACINTYRE HUDSON

MHA MacIntyre Hudson
London, United Kingdom

Date 21/12/2022

Waltham Forest College
Statement of Comprehensive Income and Expenditure

	Notes	2022 £'000	2021 £'000
INCOME			
Funding body grants	2	21,816	21,159
Tuition fees and education contracts	3	2,763	3,439
Other grants and contracts	4	45	119
Other income	5	480	193
Investment income	6	1	1
		<hr/>	<hr/>
Total income		25,105	24,911
EXPENDITURE			
Staff costs	7	15,199	15,600
Other operating expenses	8	6,010	5,786
Depreciation	11	2,014	1,897
Interest and other finance costs	9	417	437
		<hr/>	<hr/>
Total expenditure		23,640	23,720
		<hr/>	<hr/>
(Deficit)/surplus before other gains and losses		1,465	1,191
		<hr/>	<hr/>
(Deficit)/surplus before tax		1,465	1,191
Taxation	10	-	-
		<hr/>	<hr/>
(Deficit)/surplus for the year		1,465	1,191
Actuarial gain/(loss) in respect of pensions schemes	20	9,782	2,558
		<hr/>	<hr/>
Total Comprehensive Income for the year		11,247	3,749
		<hr/> <hr/>	<hr/> <hr/>

Waltham Forest College
Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2020	(20,169)	7,550	(12,619)
Surplus/(deficit) from the income and expenditure account	1,192	-	1,192
Actuarial gain/(loss) in respect of pensions schemes	2,558	-	2,558
Transfers between revaluation and income and expenditure reserves	390	(390)	-
Total comprehensive income for the year	<u>4,140</u>	<u>(390)</u>	<u>3,750</u>
Balance at 31st July 2021	(16,029)	7,160	(8,869)
Surplus/(deficit) from the income and expenditure account	1,465	-	1,465
Actuarial gain/(loss) in respect of pensions schemes	9,782	-	9,782
Transfers between revaluation and income and expenditure reserves	390	(390)	-
Total comprehensive income for the year	<u>11,637</u>	<u>(390)</u>	<u>11,247</u>
Balance at 31st July 2022	<u>(4,392)</u>	<u>6,770</u>	<u>2,378</u>

Waltham Forest College
Balance sheet as at 31 July

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	11	29,746	31,243
Current assets			
Stocks		128	75
Trade and other receivables	12	1,045	776
Cash and cash equivalents	17	9,483	7,042
		10,656	7,893
Less: Creditors – amounts falling due within one year	13	(5,761)	(5,601)
Net current assets		4,895	2,292
Total assets less current liabilities		34,641	33,535
Less: Creditors – amounts falling due after more than one year	14	(14,576)	(15,523)
Provisions			
Defined benefit obligations	16	(16,940)	(25,916)
Other provisions	16	(747)	(965)
Total net assets		2,378	(8,869)
Unrestricted reserves			
Income and expenditure account		(4,392)	(16,029)
Revaluation reserve		6,770	7,160
Total unrestricted reserves		2,378	(8,869)

The financial statements on pages 37 to 57 were approved and authorised for issue by the Corporation on 13 December 2022 and were signed on its behalf on that date by:

Paul Butler
Chair

Janet Gardner
Accounting Officer

Waltham Forest College
Statement of Cash Flows

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		1,465	1,192
Adjustment for non-cash items			
Deferred capital grants	2	(859)	(761)
Depreciation	11	2,014	1,897
(Increase)/decrease in stocks		(53)	(16)
(Increase)/decrease in debtors	12	(269)	456
Increase/(decrease) in creditors due within one year	13	207	1,844
Increase/(decrease) in provisions	16	(218)	530
Pensions costs less contributions payable	7	356	389
Adjustment for investing or financing activities			
Investment income	6	(1)	(1)
Interest payable	9	417	437
Net cash flow from operating activities		<u>3,059</u>	<u>5,967</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		1	1
Payments made to acquire fixed assets	11	(517)	(1,411)
Deferred capital grants received		51	1,129
		<u>(465)</u>	<u>(281)</u>
Cash flows from financing activities			
Interest paid	9	(11)	(8)
Repayments of amounts borrowed	15	(142)	(127)
		<u>(153)</u>	<u>(135)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>2,441</u>	<u>5,551</u>
Cash and cash equivalents at beginning of the year	17	7,042	1,491
Increase / (decrease) in cash and cash equivalents in the year	17	2,441	5,551
Cash and cash equivalents at end of the year	17	9,483	7,042
Net Debt Reconciliation as at 31 July 2022			
	At start of the year	Cashflows	At end of the year
Cash	7,042	2,441	9,483
Loans falling due within one year	(127)	12	(115)
Loans falling due after one year	(440)	131	(309)
TOTAL	<u>6,475</u>	<u>2,584</u>	<u>9,059</u>

Waltham Forest College

Notes to the financial statements

1. Accounting Policies

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 preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), *the College Accounts Direction for 2021 to 2022* 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.

Basis of accounting

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

Going concern

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

As noted in the Members Report, the Corporation considers that the College has adequate resources and facilities in place to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

At 31 July 2022 the College has £424k of loans outstanding with Barclays Bank. The loan will be repaid by 17 June 2025. The bank has a charge over the full value of the College’s Forest Road site as security for the loan. The interest rate is floating at 1.75% above base rate.

The College’s forecasts and projections, taking account of reasonably possible changes in operating performance, show that the College should be able to operate within the level of its current banking facilities and loan covenants, and maintain an appropriate level of financial strength as assessed by the ESFA, for the foreseeable future. Taking all factors into account the Corporation has therefore concluded that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the next twelve-month period.

The Corporation takes this view for the following reasons that during the next two-year period:

- there is no material uncertainty about the College’s financial position and income streams
- The financial statements are presented in sterling which is the functional currency of the College and amounts are rounded to the nearest thousand pound, other than where indicated
- the College’s financial health is forecast to remain ‘outstanding’ for the year ending 31 July 2023
- the increase in 16-19 learner numbers which the College experienced in 2022/23 will generate additional income in 2023/24 which can be delivered from the current cost base
- the College has in place strong detailed financial forecasting and planning arrangements with a sensitivity analysis allowing prompt remedial management action if required
- cash-flow estimates for the period to 31 December 2023 indicate that the College will continue to hold sufficient cash to meet its short-term commitments and obligations and to be able to undertake capital investments to maintain the current volumes and quality of facilities and equipment
- cash-flow forecasts for the period to 31 July 2022 and for the following two years indicate that the College will continue to hold sufficient cash to meet its short-term commitments and obligations

Waltham Forest College

Notes to the financial statements (cont'd)

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-19 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

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

Post-employment benefits

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) administered by the London Borough of Waltham Forest. These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and in common with other Colleges in the FE sector, Waltham Forest College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Waltham Forest College

Notes to the financial statements (cont'd)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets and actuarial gains and losses are recognised immediately in the Statement of 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. Termination payments - Termination benefits, including redundancy costs, are recognised when the College has the obligation to pay the benefits and they can be reliably measured.

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Land and Buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated evenly over their expected useful economic life of between 20 and 50 years.

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

The cost of building improvements carried out in premises leased by the College is depreciated over the shorter of the life of the lease period or their expected useful economic life.

Waltham Forest College

Notes to the financial statements (cont'd)

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. No impairments of fixed assets have been carried out during 2021/22.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of the land and buildings which were revalued in 1994, but not to adopt a policy of revaluing these properties in the future.

Assets under Construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is written off to the Statement of Comprehensive Income in the period of acquisition. All other equipment is capitalised at cost. Equipment is depreciated over its useful economic life as follows:

Furniture and fittings, Plant	10% per year on a straight line basis
Computer equipment	20% per year on a straight line basis
Computer software	20% per year on a straight line basis
Motor vehicles	25% per year on a straight line basis

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

Borrowing costs

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

Leased Assets

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

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Waltham Forest College

Notes to the financial statements (cont'd)

Financial liabilities and equity

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

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, and 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. The College has provisions for potential dilapidations relating to two leased properties and for enhanced pensions.

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. The College has no contingent liabilities as at 31 July 2022.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- That there are no indicators of impairment of the group'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.

Waltham Forest College

Notes to the financial statements (cont'd)

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 21, 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 of the pension liability.

2 Funding Body grants

	2022	2021
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	8,401	8,344
Education and Skills Funding Agency – 16 -18	11,587	10,972
Education and Skills Funding Agency – apprenticeships	438	777
Specific Grants		
Teachers' Pension Scheme Contribution grant	292	305
Special Grant – FE Professional Development Grant (FEPDG)	239	-
Releases of government capital grants	859	761
Total	21,816	21,159

3 Tuition fees and education contracts

	2022	2021
	£'000	£'000
Adult education fees	142	154
Apprenticeship fees and contracts	14	28
Fees for FE loan supported courses	1,302	1,974
Total tuition fees	1,457	2,156
Education contracts	1,306	1,283
Total	2,763	3,439

Waltham Forest College

Notes to the financial statements (cont'd)

4 Other grants and contracts

	2022 £'000	2021 £'000
Other grants and contracts	45	58
Coronavirus Job Retention Scheme grant	-	61
Total	45	119

5 Other income

	2022 £'000	2021 £'000
Catering and residences	20	8
Other Income generating activities	15	17
Miscellaneous income	445	168
Total	480	193

6 Investment income

	2022 £'000	2021 £'000
Other interest receivable	1	1
	<u>1</u>	<u>1</u>

7 Staff costs

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

	2022 No.	2021 No.
Teaching staff	150	154
Non-teaching staff	170	170
	<u>320</u>	<u>324</u>

Staff costs for the above persons

	2022 £'000	2021 £'000
Wages and salaries	8,562	9,383
Social security costs	839	765
Other pension costs	2,330	2,317
Payroll sub total	11,731	12,465
Contracted out staffing services	3,462	3,043
	15,193	15,508
Restructuring costs * – Contractual	6	92
Non-contractual	-	-
	<u>15,199</u>	<u>15,600</u>

*These costs were approved by the Corporation.

Waltham Forest College

Notes to the financial statements (cont'd)

7 Staff costs (cont'd)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Chief Executive who is Principal, Deputy Principal Curriculum and Quality and Deputy Principal Corporate Resources.

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

	2022 No.	2021 No.
The number of key management personnel including the Accounting Officer was:	<u>3</u>	<u>5</u>

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

	Key management personnel		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£60,001 to £65,000	-	-	2	3
£65,001 to £70,000	-	-	2	1
£70,001 to £75,000	-	-	5	-
£75,001 to £80,000	-	1	1	-
£80,001 to £85,000	-	2	-	-
£90,001 to £95,000	1	-	-	-
£95,001 to £100,000	1	-	2	-
£140,001 to £145,000	1	1	-	-
	<u>3</u>	<u>5</u>	<u>12</u>	<u>4</u>

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Basic salary	338	350
Pension contributions	<u>70</u>	<u>76</u>
	408	426
Agency Costs	-	-
Total key management personnel compensation	<u>408</u>	<u>426</u>

The above compensation includes amounts payable to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2022 £'000	2021 £'000
Basic salary	145	142
Pension contributions	<u>34</u>	<u>37</u>
	<u>179</u>	<u>179</u>

Waltham Forest College

Notes to the financial statements (cont'd)

7 Staff costs (continued)

The above compensation includes amounts payable to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2022 £'000	2021 £'000
Basic salary	145	142
Pension contributions	34	37
	<u>179</u>	<u>179</u>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles in future

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

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

Relationship of two Principal/Chief Executives pay and remuneration expressed as a multiple

	2022	2021
The Principals' basic salary as a multiple of the median of all staff	7.58	7.30
The Principal and CEOs' total remuneration as a multiple of the median of all staff	8.76	8.11

Compensation for loss of office paid to former key management personnel

	2022 £	2021 £
Compensation paid to the former post-holder - contractual	-	-

No members of key management personnel received compensation for loss of office in 2021/2022 or 2020/2021. There was no salary sacrifice arrangements in place for any key management personnel for 2021/2022 or the 2020/2021.

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

8 Other operating expenses

	2022 £'000	2021 £'000
Teaching costs	808	633
Non-teaching costs	4,025	4,033
Premises costs	1,177	1,120
Total	<u><u>6,010</u></u>	<u><u>5,786</u></u>

Waltham Forest College

Notes to the financial statements (cont'd)

	2022	2021
	£'000	£'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit	32	31
Other services provided by the financial statements auditors*	3	3
Internal audit and other services	19	39
Operating leases	46	47

* Other Services provided by the Financial Statements auditors consist of the Teacher Pension audit £3k (2020/21: £3k).

9 Interest payable

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans:	11	8
On finance leases	406	429
Net interest on defined pension liability (note 21)		
Total	417	437

10 Taxation

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

11 Tangible Fixed Assets

	Land and buildings			Assets in the	
	Freehold	Tenants	Equipment	Course of	Total
	£'000	Improvement	£'000	Construction	£'000
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	47,384	819	4,329	53	52,585
Additions	137	-	370	11	517
At 31 July 2022	47,521	819	4,699	63	53,102
Depreciation					
At 1 August 2021	18,041	819	2,482	-	21,342
Charge for the year	1,506	-	508	-	2,014
At 31 July 2021	19,547	819	2,990	-	23,356
Net book value at 31 July 2022	27,974	-	1,709	63	29,746
Net book value at 31 July 2021	29,343	-	1,847	53	31,243

Waltham Forest College

Notes to the financial statements (cont'd)

12 Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	74	109
Prepayments and accrued income	971	667
Total	1,045	776

13. Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Bank loans and overdrafts	140	141
Trade payables	121	580
Other taxation and social security	281	475
Accruals and deferred income	2,382	2,390
Other creditors	1,858	840
Payments received on account	138	335
Deferred income - government capital grants	841	840
Total	5,761	5,601

14 Creditors: amounts falling due after one year

	2022 £'000	2021 £'000
Bank loans	284	424
Deferred income - government capital grants	14,292	15,099
Total	14,576	15,523

15 Maturity of debt: Bank Loan

	2022 £'000	2021 £'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	140	151
Between one and two years	140	140
Between two and five years	144	274
Total	424	565

The above debt is a revolving credit facility repayable by 17 June 2025. The interest rate is a variable rate at 1.75% above LIBOR. The bank has a charge over the full value of the College's Forest Road Campus as security for this debt.

Waltham Forest College

Notes to the financial statements (cont'd)

16 Provisions	Defined benefit obligation £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2021	25,916	353	612	26,881
Expenditure in the period	-	(23)	-	(23)
Transferred from income and expenditure account	(8,976)	(45)	(150)	(9,171)
At 31 July 2022	16,940	285	462	17,687

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Pension Note 20.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

The principal assumptions for this calculation are:

	2022	2021
Price inflation	2.90%	2.60%
Discount rate	3.30%	1.60%

Other provision is made for a dilapidation cost on a leased property.

17 Cash and cash equivalents

	At 1 August 2021 £'000	Cash flows £'000	Other changes £'000	At 31 July 2022 £'000
Cash and cash equivalents	7,042	2,441	-	9,483
Total	7,042	2,441	-	9,483

18 Capital and other commitments

There were no capital commitments in the current year or the previous year.

19 Events after the reporting period

There are no events after the reporting period.

Waltham Forest College

Notes to the financial statements (cont'd)

20 Defined benefit obligations

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

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

Total pension cost for the year	2022	2021
	£'000	£'000
Teachers' Pension Scheme: contributions paid	1,053	973
Local Government Pension Scheme:		
Contributions paid	407	459
Deficit payments	514	499
FRS 102 (28) charge	337	389
Charge to the Statement of Comprehensive Income	1,258	1,347
Total Pension Cost for Year within staff costs	2,311	2,320

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

Waltham Forest College

Notes to the financial statements (cont'd)

20 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards. The Department of Education has committed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021/22 academic year.

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

The pension costs paid to TPS in the year amounted to £1,224k (2021: £1,259k)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the London Borough of Waltham Forest. The total contribution made for the year ended 31 July 2022 was £1,102k (2021: £1,138k), of which employer's contributions totalled £407k (2021: £456k), employees' contributions totalled £181k (2021: £184k) and additional deficit payments totalled £514k (2021: £498k). The agreed contribution rates for future years are 14.9% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

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 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Rate of increase in salaries	4.20%	4.10%
Future pensions increase	2.80%	2.70%
Discount rate for scheme liabilities	3.50%	1.60%
Inflation assumption (CPI)	2.70%	2.60%
Commutation of pensions to lump sums	25%	25%

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

	At 31 July 2022 years	At 31 July 2021 years
<i>Retiring today</i>		
Males	22.60	22.70
Females	25.10	25.20
<i>Retiring in 20 years</i>		
Males	24.10	24.40
Females	27.00	27.10

Waltham Forest College**Notes to the financial statements (cont'd)****20 Defined benefit obligations (continued)****Local Government Pension Scheme (Continued)**

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

	Fair Value at 31 July 2022 £'000	Fair Value at 31 July 2021 £'000
Equity instruments	16,407	22,195
Property	2,993	2,620
Cash	828	1,070
Other	6,493	2,282
Total market value of assets	<u>26,721</u>	<u>28,167</u>
Actual return on plan assets	(864)	3,521

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	26,721	28,167
Present value of plan liabilities	<u>(43,661)</u>	<u>(54,083)</u>
Net pensions (liability) (Note16)	<u>(16,940)</u>	<u>(25,916)</u>

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	<u>1,258</u>	<u>1,345</u>
	<u>1,258</u>	<u>1,345</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(1,312)	3,150
Changes in assumptions underlying the present value of plan liabilities	11,050	(592)
	<u>9,738</u>	<u>2,558</u>

Waltham Forest College

Notes to the financial statements (cont'd)

20 Defined benefit obligations (continued)

Movement in net defined benefit (liability)/asset during the year	2022	2021
	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(25,916)	(27,656)
Movement in year:		
Current service cost	(1,258)	(1,345)
Employer contributions	921	956
Administration costs	(19)	(22)
Net interest on the defined (liability)/asset	(406)	(407)
Actuarial gain or loss	9,738	2,558
Net defined benefit (liability)/asset at 31 July	<u>(16,940)</u>	<u>(25,916)</u>
Asset and Liability Reconciliation	2022	2021
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	54,083	52,497
Current Service cost	1,258	1,345
Interest cost	852	778
Contributions by Scheme participants	181	199
Experience gains and losses on defined benefit obligations	3,390	(1,067)
Changes in financial assumptions	(14,440)	1,659
Estimated benefits paid	(1,663)	(1,328)
Defined benefit obligations at end of period	<u>43,661</u>	<u>54,083</u>
Changes in fair value of plan assets	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	28,167	24,841
Interest on plan assets	446	371
Return on plan assets	(1,312)	3,150
Administration costs	(19)	(22)
Employer contributions	921	956
Contributions by Scheme participants	181	199
Estimated benefits paid	(1,663)	(1,328)
Fair value of plan assets at end of period	<u>26,721</u>	<u>28,167</u>

Waltham Forest College

Notes to the financial statements (cont'd)

There is no past service cost for 2022 (2021: £Nil) in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

The form of remedy adopted

- How the remedy will be implemented
- Which members will be affected by the remedy
- The earnings assumptions
- The withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50%.

21 Related party transactions

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

The College contracts with Leyton Orient Trust to deliver part of the College's sports provision. The College Governor, Mr. Neil Taylor, is the Chief Executive Officer of Leyton Orient Trust. During the year the College incurred costs payable to Leyton Orient Trust of £432k (2021: £412k). No amounts were outstanding at the year end and prior year.

Expenses paid to or on behalf of Governors during the year amounted to £Nil; (2020/21 £91.95).

22 Amounts disbursed as agent

Learner support funds

	2022	2021
	£'000	£'000
16-19 bursary grants	292	337
Adult Learner Support	250	593
Learner Loans bursary grants	241	409
	<u>783</u>	<u>1,339</u>
Disbursed to students	(671)	(1,159)
Administration costs	(48)	(25)
	<u>(719)</u>	<u>(1,184)</u>
Balance unspent as at 31 July 2022, included in creditors	<u>64</u>	<u>155</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 grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.