

Report and Financial Statements for the Year Ended 31 July 2022



INTENTIONALLY BLANK

WEST THAMES COLLEGE

KEY MANAGEMENT PERSONNEL, MEMBERS OF THE CORPORATION AND PROFESSIONAL ADVISERS

Key Management Personnel

Key Management Personnel are defined as members of the Corporation together with the members of the College Executive Team which was represented by the following in 2021-22:

Tracy Aust, Principal and CEO; Accounting Officer
Marta Gajewska-Kopczyk, Vice Principal – Curriculum & Quality
Mark Cooper, Executive Director – Finance, HR & Development
Michael Michaelides, Executive Director – Resources & Student Experience

Members of the Corporation

A full list of Members is given on page 11 of these financial statements.

Jon Allen acted as Clerk to the Corporation for the period 1 August 2021 to 31 March 2022. Karen Frost, Head of Governance, acted as Clerk to the Corporation for the period 1 April 2022 to 31 July 2022.

Professional advisers

Financial statements auditor and reporting accountants

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditor

MHA MacIntyre Hudson
6th Floor
2 London Wall Place
London
EC2Y 5AU

Bankers

Barclays plc
Level 12
1 Churchill Place
London
E14 5HP

Lloyds Commercial Banking Group Plc
4th Floor
25 Gresham Street
London
EC2V 7HN

Solicitors

Mills & Reeve LLP
Francis House,
112 Hills Road
Cambridge
CB2 1PH

INTENTIONALLY BLANK

Contents

Report of the Members of the Corporation	1-10
Statement of Corporate Governance and Internal Control	11-18
Statement of Regularity, Propriety and Compliance	19
Statement of the Responsibilities of the Members of the Corporation	20
Independent Auditor's Report to the Corporation of West Thames College	21-23
Reporting Accountant's Assurance Report on Regularity	24-25
Statement of Comprehensive Income and Expenditure	26
Statement of Changes in Reserves	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements	30-47

West Thames College
London Road, Isleworth, Middlesex. TW7 4HS

Telephone: 020 8326 2000
Email: info@west-thames.ac.uk
Website: www.west-thames.ac.uk

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022

OBJECTIVES AND STRATEGY

The members present their annual report together with the financial statements and auditor's report for West Thames College for the year ended 31 July 2022.

Legal status

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

Vision, values and principles

The College's vision, values and principles were agreed after a six-month College-wide consultation process and are subject to regular review to ensure they continue to meet requirements. All College managers are expected to demonstrate these values and principles through their leadership and management with the support of all members of staff. The College's vision, as approved by its members, is as follows:

West Thames will be a vibrant college, inspiring all our learners to fulfil their dreams and ambitions. Our outstanding education and training will contribute to a prosperous and cohesive community.

Underpinning this vision are our four shared values and beliefs of:

- Integrity
- Excellence
- Equality
- Respect

Resources

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

The College employed 263 people (expressed as an average headcount) during 2021-22, of whom 105 were teaching staff.

The College enrolled approximately 4,600 (2020-21: 5,300) students. The College's student population included approximately 1,660 16-to-18-year-olds, 100 under-16s, 110 higher education students, 60 apprentices and 2,700 adult learners. The decrease in numbers from the previous year was due primarily to the College's decision not to renew subcontracting arrangements ending in July 2021.

Excluding the pension liability of £7,050k (2020-21: £20,467k) the College has net assets of £12,012k (2020-21: £11,426k). The College has £2,786k (2020-21: £3,034k) of net current assets.

Tangible resources include the main College site in London Road, Isleworth, which underwent a four-year major redevelopment ending in 2011, and a leasehold site in Feltham, the Skills + Logistics Centre, which benefitted from capital investment of more than £3m in 2015-16.

The College has one wholly-owned subsidiary company, Logistics Skills Alliance Limited, which is a company limited by guarantee. It has been dormant since its incorporation in March 2013.

The College has a good reputation locally and regionally. In its last Ofsted inspection in October 2021, the College was rated 'Good' for overall effectiveness whilst behaviour and attitudes received an 'Outstanding' grade. Maintaining a quality brand is essential for the College's success in attracting students and expanding external relationships.

Stakeholders

The College has many stakeholders including:

- Current, future and past students
- Staff and their trade unions
- Employers
- Partner schools, FE and HE institutions
- Co-located partner organisations
- The wider College community
- Local authorities, particularly the London Borough of Hounslow, and Local Enterprise Partnerships

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

- Education sector funding agencies and the FE Commissioner

The College recognises the importance of these relationships and engages in regular communication with stakeholders through the College internet site, bulletin publications and through various meetings and forums.

Public Benefit

West Thames College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 11.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to approximately 4,600 students, including around 230 students with high needs:

- High-quality teaching
- A highly inclusive and responsive curriculum offer which aligns with local and regional priorities, supporting the diverse communities which we serve
- Links with employers, industry and commerce
- Excellent employment record for students
- Widening participation and tackling social exclusion
- Strong student support systems

The College provides courses without charge to young people, to those who are unemployed or low-waged and adults taking courses in English, maths and essential digital skills. The College adjusts its courses to meet the needs of local employers and provides training to approximately 60 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Implementation of strategic plan

In July 2010 the Corporation agreed three long-term strategic goals which have been reviewed regularly and are retained as still current. The strategic goals are:

- To provide an **OUTSTANDING** learning experience for all our learners
- To be **INNOVATIVE** and **RESPONSIVE** to current and future needs
- To provide an **EXCELLENT** environment and resources

Specific annual objectives are agreed by the Corporation and circulated to all staff. The College's specific development objectives for 2021-22 and achievement of those objectives are addressed below. In summary, of the twenty objectives under goals 1, 2 and 3 of the 2021-22 Development Plan, sixteen were fully met and four were partially met.

Goal 1: To provide an **OUTSTANDING** learning experience for all our learners

All of the seven objectives from goal 1 were fully or partially met.

- Curriculum intent was strengthened through consistent application of the curriculum planning process to focus on developing skills and knowledge all students need to succeed in their next steps, and the process of curriculum deep dives to evaluate sequencing of the intended curriculum.
- The quality of all students' learning experience was further improved through targeted CPD and CILT activities, strategies for developing creativity and innovation in teaching and the process of Learning Walks.
- Through targeted CPD for teachers and curriculum Deep Dives, we improved the consistency of high-quality feedback on marked work to ensure students build on existing knowledge, acquire new skills and produce a work of a high level.
- More robust tracking systems focussed on areas identified through the SAR process (Notice To Improve and Special Measures courses) and early interventions through 16-19 Tuition Fund helped improve achievement rates and achievement of high grades.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

- High levels of attendance were maintained through consistent implementation of the attendance strategy and use of attendance toolkit.
- Our flexible, age-appropriate curriculum was further developed to meet local community needs; extensively promote the personal development of students beyond the academic/vocational and provide exceptional opportunities for all students to develop their interests and talents.
- Delivery of the Apprenticeships personal development curriculum was enhanced with appropriately timed access to careers advice and guidance.

Goal 2: To be **INNOVATIVE** and **RESPONSIVE** to current and future needs of our communities

All of the seven objectives from goal 2 were fully or partially met.

- A revised employer engagement strategy was developed to strengthen the role of employers and ensure appropriate response to the Skills Bill and Government Agenda for economic recovery and areas of growth.
- We enhanced the reporting and analysis of student destination data captured in order to inform curriculum design and planning, ensuring we continue to meet local needs and have appropriate progression routes for all students.
- Contribution of students continued to improve through implementation of the Student Voice strategy, working collaboratively with curriculum, student course representatives, executive groups and governors.
- A thorough review of the student recruitment cycle was undertaken to strengthen and extend this, thereby increasing conversion of applicants to enrolments to secure student numbers to meet allocations.
- We extended the range of partnerships through work with employers and education partners to address the local skills needs and contribute to economic recovery and growth.
- The College's E-Learning strategy was implemented with a focus on creating an appropriate staffing structure to assess and develop digital skills and resources, whilst broadening our curriculum offer with new flexible delivery models.

Goal 3: To provide an **EXCELLENT** environment and resources

All of the six objectives were fully or partially met.

- A comprehensive CPD programme was implemented, evaluated and impact measured. This focussed on priority areas of staff health and wellbeing; development of IT skills in line with the College's e-learning strategy; subject updating and expansion of vocational experience in preparation for delivery of T Levels from 2023.
- The College consolidated its bespoke programme of leadership and management development by establishing a clear framework, identifying and addressing any gaps in provision and bringing together all strands of management training.
- In line with good practice in the sector, contribution analysis was developed and used to help inform curriculum design and viability.
- Use of the College's data dashboard was extended to provide a consistent high-level reporting tool for the College Management Team in addition to its continued use with governors.
- Development of a robust, sustainable property strategy was completed. This will ensure provision of a safe, secure and high-quality learning environment to meet the current and future needs of our students and will maximise use the College's estate to generate income and support plans for economic recovery and environmental sustainability.
- Working with governors, staff and students, a 3-year strategic plan has been produced to consolidate the long-term vision for the College and ensure that the short to medium term objectives enable this to be realised.

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2021-22 preserving the consistently strong position that the College has held in recent years.

Overall

The 2021-22 timely achievement rate for classroom-based education and training is 90% which is four percentage points above the 2018-19 National Rate of 86%.

16-18

The 2021-22 timely achievement rate of 88% is five percentage points above the National Rate of 83%.

19+

The 2021-22 timely achievement rate is 92% which exceeds the National Rate of 89% by three percentage points.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

Apprenticeships

The 2021-22 overall achievement rate of 64% (compared with the National Rate of 67%) was a significant improvement on the previous pandemic-affected year.

English and maths

GCSE English achievement of 84% exceeds the National Rate by one percentage point with 40% of students achieving high grades compared with the National Rate of 26%. GCSE maths achievement of 88% is eight percentage points above the National Rate. 42% of students achieved high grades compared with the National Rate of 19%.

Curriculum Development

The College has a highly inclusive curriculum which offers breadth and depth, providing clear progression pathways and meets the diverse needs of the communities we serve. The curriculum offer ranges from pre-entry to higher education. The curriculum is informed by local need, including local and regional economic data with direct provision implemented as a result of the pandemic. Both the curriculum offer and mode of delivery have been adapted in light of the pandemic.

The College has excellent partnerships resulting in a highly inclusive and responsive offer which aligns with local and regional priorities. Examples of key partnerships are detailed below.

- A highly successful and responsive curriculum offer in conjunction with Ambitious about Autism (a co-located partner) enabling students with autism to access an appropriate College vocational curriculum. West Thames were awarded the Ambitious College Community Partner.
- Co-location of The Rise Sixth Form (part of AaA) at the Isleworth Campus, enabling 16- to 18-year-olds with autism to access the College curriculum.
- A 14-16 Alternative Provision Offer commissioned by the local authority and local schools. The Trading Places and Freshstart programmes provide personalised programmes for students who have been or are at risk of exclusion.
- A 14-16 ESOL programme offered in direct response to local need and commissioned by the local authority and local schools. The programme caters for year 11 students with ESOL needs in the borough and was expanded in- year to cope with the increase in demand.
- Project Search – a successful supported internship programme working with GlaxoSmithKline and the London Borough of Hounslow and voted as one of the top 10 Project Search provisions in Europe for the second time.
- Brentford FC Community Sports Trust – our long-standing partnership with Brentford Football Club continues to be successful with over 50 students studying this bespoke course provision leading to either a Level 3 BTEC Extended Diploma in Sport or Level 2 NCFE Diploma in Sport.
- Logistics Skills Alliance – bringing together employers and providers from the logistics sector to meet identified skills shortages in this priority area and deliver a successful logistics offer, supporting JCP claimants into employment with high achievement and progression rates.
- Heathrow Skills Partnership – a successful partnership working with Heathrow, four FE Colleges and three HE providers to progress the work previously undertaken to support skills and employment at Heathrow, focussing on economic recovery and providing an extensive programme of virtual work experience and online workshops for students with employers across Construction, Engineering, Sustainability, Marketing, Design & Technology and IT.
- A highly responsive adult offer working closely with Jobcentre Plus (JCP) to provide bespoke provision for hard to reach claimants (many with ESOL needs) which supports their progress to employment.
- The Youth Hub – a partnership with Hounslow JCP and DWP, supporting the national economic recovery agenda. The programme supports up to 100 local residents aged 18-24, providing impartial advice and guidance, training opportunities, information and assistance with local job vacancies, apprenticeship opportunities and access to local employers.
- Bespoke apprenticeships designed with employers, with a strong focus on the logistics sector and the identified priority areas for West London as detailed in the West London Build and Recover Plan and *One Hounslow*.
- Working with London Borough of Hounslow, West London Business and other consortium members in the development of the *Great West Creatives Enterprise Zone* for Hounslow, the College sits on the consortium and the Employment and Skills Working group.
- Close working with a range of HE partners including University of Canterbury Christchurch, Kingston University, University of West London and St Mary's University.
- HE/FE Collaboration in West London – FE colleges and HE institutions across West London set up a structure to work together to support the education, training and skills agenda, influenced largely by economic recovery. The Steering Group is co- chaired by the Principal of West Thames and the Vice-Chancellor of Brunel, alongside the Head of Skills & Employment in the West London Alliance and the CEO of West London Business. The Steering Group working with their FE/HE partners identified 4 key sectors of work to collaborate on in line with local, regional and sub-regional needs and operational groups

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

were formed covering Health & Care; Green skills; Creative sector and Digital skills. The groups have been running for 18 months and have secured funding and delivered a number of successful collaborative projects including the creation of three skills academies in Health, Creative and Green skills.

Future prospects

The College continues to be well placed within the local community and within the region and is part of a number of key strategic groups which provide opportunities to share information and work with local and regional partners. The College will continue to extend this partnership work whilst focussing on supporting the economic recovery from COVID-19 by responding to national, regional and local priorities, for example, through alignment to the London Recovery Plan. This will include up-skilling and re-skilling the unemployed, implementing strategies to tackle youth unemployment, addressing skills gaps and by re-positioning parts of our curriculum offer to provide appropriate training and education in the priority and growth sectors (digital, green skills, health & care and the creative and cultural sectors).

Other priorities for 2022-23 and beyond include:

- To continue to provide a responsive and flexible curriculum offer which meets the diverse needs of the communities we serve
- To clearly meet the skills needs of employers in our community and to prepare west London residents to be able to take advantage of the employment opportunities available.
- To implement the recommendations set out in the FE Skills for Jobs White Paper (January 2021).
- To respond to the Mayoral skills priorities, such as the introduction of essential digital skills as a core skill alongside English and maths.
- Delivery of a distinct adult offer which is flexible and which focuses on the higher levels (3-5) as well as our level 2 and below offer which meets employer needs.
- Growth of a distinct provision for 16-18 year olds based around programmes of study.
- Curriculum reform including the roll out of T Levels and building the College's capacity and capability to deliver substantive work placements for level 2 and 3 students.
- Continued close working with a range of Employer Advisory Board partners to advise on curriculum development, course design and relevance.
- Development of JCP and DWP partnerships to extend delivery of provision that supports the national economic recovery agenda, such as the Youth Hub, the Skills Response Fund and Sector-based Work Academy Programmes (SWAPs)
- Continued HE/FE collaboration in West London focussing on the four key works sectors of:
 - Health & Care
 - Green skills
 - Creative and cultural sector
 - Digital skills
- Collaborative working through the three West London Skills Academies and via the Strategic Development Fund focussing on Green skills.
- Collaborative working on GLA Good Work for All bids to secure project funding for delivery in support of London's Recovery.
- To achieve a 'Good' or 'Outstanding' financial health grade and to attain or exceed financial benchmarks published by the FE Commissioner and ESFA.

Our three main strategic goals continue to reflect these priorities.

Financial objectives

The College's continuing financial objectives are to manage and allocate resources so as to achieve its aims:

- To ensure sustainability, solvency and growth for the College by building on the current stable financial position by:
 - Consistently budgeting for an operating surplus that is at least in line with the recommended target for the sector and successfully delivering the budget
 - Delivering strong EBITDA
 - Maintaining positive cash flow and improving net cash generation
 - Sustaining healthy cash reserves at a level well above the sector median
 - Ensuring continued manageable borrowing levels and comfortable debt servicing
 - Controlling expenditure and maintaining staff costs as a percentage of income at levels broadly in line with sector averages.
- To ensure the College has the capacity and financial resources to deliver quality improvements required and that capital expenditure enables the strategic direction.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

- To make curriculum planning central to the College's budget-setting process so that this delivers the College's objectives and is realistic, flexible, transparent, inclusive and clearly communicated to management and staff.
- To identify and incorporate financial challenges in the College's development plan and risk register, ensuring pre-emptive action, effective monitoring and reporting of performance against targets is in place.
- To maintain and develop robust processes for risk management, financial monitoring and control.

Financial results

The College incurred a deficit before other gains and losses of £1,134k (2020-21: deficit of £666k) with total comprehensive income for the year of £14,003k (2020-21: £1,115k). The result in 2021-22 is stated after adjustment for FRS 102 (28) and enhanced pension charges of negative £13,814k (2020-21: negative £669k). Stripping out these adjustments would result in an operating surplus of £189k (2020-21: surplus of £446k) as per the tabulated key performance indicators (KPIs) below.

The College had accumulated income and expenditure reserves of £2,058k (2020-21: negative £11,977k) and cash and short-term investment balances of £6,661k (2020-21: £6,844k) at 31 July 2022.

Tangible fixed asset additions during the year amounted to £960k (2020-21: £576k). This was split between buildings of £822k (2020-21: £260k) and equipment of £138k (2020-21: £316k).

The College relies significantly on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021-22, the funding bodies provided 79% (2020-21: 79%) of the College's total income.

In 2021-22, the College delivered activity that produced £15,171k (2020-21: £15,383k) in main funding body allocation.

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.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement. There was no short-term borrowing required during the year.

Cash flows and liquidity

The operating cash inflow for the year was £1,486k (2020-21: inflow of £3,311k).

At the year end, the College had a bank loan of £7,302k (2020-21 £7,623k) outstanding relating to a 25-year fixed-term facility until April 2037 with Barclays plc. The loan was taken out to part-fund redevelopment of the College's Isleworth campus. Negotiations are ongoing for the College to provide Barclays with a first legal charge over the Millennium and Atrium Buildings as security for the loan.

The size of the College's total borrowing, and its approach to interest rates, has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow.

Reserves Policy

The College has no formal reserves policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate resources to support the College's core activities. The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve stood at £2,058k (2020-21: negative £11,977k) with cash and short-term investment balances of £6,661k (2020-21: £6,844k). Excluding the defined benefit pension obligation of £7,050k (2020-21: £20,467k), the Income and Expenditure account reserve was a surplus of £9,108k (2020-21: surplus of £8,490k). The College's free reserves at 31 July 2022 equating to the net current assets were £2,786k (2020-21: £3,034k). Net assets excluding the pension liability were £12,012k (2020-21: £11,426k). It is the Corporation's intention to increase reserves through the generation of annual operating surpluses.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

KEY PERFORMANCE INDICATORS

A series of performance indicators has been agreed to monitor the successful implementation of financial policies.

Key performance Indicator	Measure/Target	2021-22 Actual
ESFA 16-19 student numbers	1,656	1,663
Adult Education Budget income	£3,895k	£3,613k
Staff costs as % of income	<65%	65.6%
Operating surplus	£100k	£188k
Adjusted current ratio	>2	2.3
ESFA financial health grade	Good	Good

The College is required to complete the annual Finance Record for the ESFA which produces a financial health grading. The current rating of 'Good' is considered a positive outcome and is in line with the budgeted grade for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has well-developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes and the system of internal control, including financial, operational and risk management are designed to protect the College's assets, reputation and financial stability.

Based on the strategic plan, the College Management Team (through the Executive Team meetings) 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 College Management Team also considers any risks which may arise as a result of a new area of work being undertaken by the College.

A Board Assurance Framework is in use and a risk register is maintained at the College level which is reviewed at each meeting of the Audit Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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

1. Inability to control costs and failure to maintain the financial viability of the College

With the rate of inflation at over 10% and huge increases in energy costs, this is considered to be the primary risk facing the College in the coming year. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in-year budget monitoring
- Robust financial controls
- Targeted savings in energy consumption to alleviate increased costs
- Exploring ongoing procurement efficiencies

2. Government funding

The College has considerable reliance on continued Government funding through the ESFA and GLA. In 2021-22, approximately 90% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light of the current economic crisis.

The College is aware of several issues which may impact on future funding

- Possible tightening of government spending in response to rising inflation
- Continued availability of government financial support with soaring energy prices
- Availability of specific funding for increased Teachers' Pension Scheme employer's contribution rates.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

- Increased localisation following devolution of the Adult Education Budget to the GLA.
- The Office for National Statistics consultation on public sector classification of FE colleges
- The threat of increased competition from schools and HE institutions.

This risk is mitigated in a number of ways:

- Rigorous attention to delivering high-quality education and training
- 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
- Participating in the Hounslow 14-19 Strategic Partnership and the Hounslow Economic Business Forum
- Implementing strategies to reduce dependency on income from public funded sources
- Collaboration with strategic partners including co-located organisations to improve resource utilisation and generate additional net income
- Continual review of the cost base and efficiency of the organisation and taking prompt in-year action to make changes when required
- Robust risk management processes subject to regular review and monitoring at management and governor level.

3. Failure to recruit and retain high-quality staff within allocated pay budgets, particularly those in specialist roles and shortage areas.

The College mitigates against this risk through:

- Effective succession planning with shadowing and a professional development programme tailored for potential managers
- Regular salary reviews and focus on development of a broad package of remuneration and benefits
- Benchmarking of employee terms and conditions
- Regular monitoring and centralised control of pay budgets.

4. Failure to recruit and retain sufficient student volumes in order to achieve funding targets.

This risk is actively monitored and mitigated as far as possible through:

- Transparent target-setting built in to the curriculum planning process
- Regular review and monitoring of performance against targets through reporting of KPIs at management team meetings and to governors via the College's data dashboard
- Annual review and reporting of marketing plans, recruitment cycle and admissions processes to inform curriculum planning
- Delivery plans mapped to local and regional skills needs and shortages.

5. Failure to maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

GOING CONCERN

The financial position of the College, its cash flow, liquidity and borrowings are described in detail in the financial statements and accompanying notes.

The College had £7,302k (2020-21: £7,623k) of loans outstanding at 31 July 2022 with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 15 years. In 2020-21, the College was notified of a technical breach of the Facility Agreement with Barclays as the overall reserves of the College (including pension liabilities and deferred capital grants) were negative. To remedy this breach, a Letter of Variation was signed in July 2021 which waived the rights of Barclays to enforce repayment on demand in return for the College delivering to the Bank a first legal charge over the freehold of the property at the Millennium and Atrium buildings located on the Isleworth campus. Additionally, the financial covenant relating to operational leverage was revised in line with Barclays' norm for the sector. The Corporation has approved the granting of the legal charge and the College and Bank are very close to finalising arrangements for this. The College's forecasts and financial projections indicate that it will be able to operate within the existing facility for the foreseeable future and make repayments as they fall due. The covenants are monitored regularly and the Corporation considers that these are not expected to be breached in the foreseeable future.

The College expects arrangements in the sector to be challenging going forward due to continuing economic uncertainty, inflationary pressures on costs, such as fuel price rises, and the cost of living 'crisis' which may have

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

an adverse impact on some income lines, including tuition fees, nursery fees and income from other commercial activities. The College has built up reserves and had net current assets of £2,785k at 31 July 2022 so is well-positioned to manage this. In addition, the College has a good track record of being able to realise cost savings to mitigate income reductions.

The Corporation undertakes regular review and monitoring of student numbers data and timely management accounts which include the current cash position, future cash flow projections, the College budgets and regularly updated forecasts, including financial returns submitted to the ESFA.

After making appropriate enquiries and considering factors likely to affect its future development and performance, the Corporation believes that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

EQUALITY AND DIVERSITY

Equality

West Thames College is committed to providing high-quality education and training that reflects best practice in equality and diversity. We seek to promote equality and diversity and to avoid discrimination on grounds of the protected characteristics as set out in the Equality Act 2010.

Our goal is for all of our students to be successful and we provide them with the support necessary to achieve this goal. We work to ensure our students value the diversity of others and we actively promote good relations between students.

We aim to recruit staff from diverse backgrounds, provide them with rewarding work, support their professional development and value their contributions to the College. The College will ensure that no job applicant is disadvantaged, or treated less favourably, because of conditions or requirements not related to the job. The College will consider requests for part-time working, flexible working and/or job sharing on their merit taking account of the needs and demands of the service.

The College encourages the active participation of all sections of the community and we work to provide learning opportunities that accommodate diversity and raise the aspirations and achievements of students and staff.

Disability statement

The College welcomes students with disabilities and/or learning difficulties and has made significant investment in specialised equipment, establishing an effective Inclusion team, and specialist lecturers to support students with learning difficulties and disabilities.

The College employs student support assistants, who provide a range of support for learning, and also specialist counselling and welfare staff. The College has a specialist facility for students with profound and complex learning needs.

College buildings have been substantially adapted with lifts, ramps and automatic doors to allow access for wheelchair users, and there are several adapted toilets and reserved car parking. Wheelchair access is available to all communal student facilities and to 98% of the classrooms.

The College is fully committed to improving how it recruits, retains and develops disabled staff. The College has been a certified 'Disability Confident Employer' since October 2016 and has successfully renewed this accreditation twice, extending certification until September 2023. The College had previously been accredited with the Positive about Disabled People "two ticks" disability symbol between 2005 and 2016.

WEST THAMES COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2022 (cont.)

Trade union facility time

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

Numbers of employees who were relevant union officials during the relevant period	FTE employee number
4	3.62

Percentage of time spent on facility time	Number of employees
1-50%	4
Total cost of facility time	£5,609
Total pay bill	£9,737,728
Percentage of total bill spent on facility time	0.06%

Time spent on paid trade union activities as a percentage of total paid facility time	Nil
---	-----

DISCLOSURE OF INFORMATION TO THE AUDITOR

The members who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the College's auditor is 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 auditor is aware of that information.

Approved by order of the members of the Corporation on 14 December 2022 and signed on its behalf by:



Simon Wilcox
Chair

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

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.

GOVERNANCE CODE

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').

In the opinion of the members of the Corporation, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2022. This opinion is based on an internal governance evaluation reported to the board on 14 December 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 2015, which it formally adopted in August 2015.

THE CORPORATION

Members of the Corporation

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.

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance in 2021/22	
						Corp.	Audit
Mr S Wilcox (Chair)	15/10/2014 Reappointed 15/10/2018	31/12/2022		External	2, 3, 4, 6, 7	7/7	
Mr J Bryant	01/01/2018	31/12/2022		External	1, 3, 4, 7	4/7	3/3
Mr B Armstrong (Vice Chair)	01/08/2014 Reappointed 01/08/2018	31/07/2023		External	3, 4, 5, 7	6/7	
Mr A Alimohamed	01/08/2022	31/07/2025		External	1	N/A	N/A
Ms A Cornish	01/08/2022	31/07/2026		External	5	N/A	
Mr S McGeoch	01/08/2022	31/07/2025		External	4, 6	N/A	
Ms L Weatherill	01/05/2020	30/04/2024	28/11/2022	External	2, 5	2/7	
Ms B Sandhu	01/08/2019	31/08/2023		External	2, 5	5/7	
Mr A Luke (Vice Chair)	11/12/2019	10/12/2023		External	2, 4, 6, 7	6/7	
Mr A Barke	01/07/2020	30/06/2024		External	1	7/7	3/3
Ms C Callinan	01/01/2021	31/12/2024		External	6	2/7	
Mr A Rides	01/08/2022	31/07/2026		External	5	N/A	
Ms T Aust (Chief Executive)	01/04/2016	Ex Officio		Principal	3, 4, 5, 6, 7	6/7	
Mr A Smith	14/10/2020	13/10/2024		Staff	5	3/6	
Mr Z Haulkhory	13/10/2021	31/07/2022		Student	5	6/6	
Ms L Gomes	16/12/2021	31/07/2022		Student	5	2/6	
Mr L McBirney	12/10/2022	31/07/2023		Student	5	N/A	
Ms T Kaur	12/10/2022	31/07/2023		Student	5	N/A	
Ms M Halpin	24/03/2021	23/03/2025	23/08/2021	External	5	N/A	
Mr R Gallagher	01/05/2020	30/04/2024	11/01/2022	External	1, 5	0/3	0/1
Ms C Singh	01/08/2010 Reappointed 01/08/2014 01/08/2018	31/07/2022		External	1, 5	7/7	3/3

Mr J Allen was Clerk to the Corporation for the period 1 August 2021 to 31 March 2022.

Mrs K Frost was Clerk to the Corporation for the period 1 April 2022 to 31 July 2022.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

- ¹Member of the Audit Committee, chaired by James Bryant
- ²Member of the Remuneration Committee, chaired by Alex Luke
- ³Member of the Governance & Search Committee, chaired by Simon Wilcox
- ⁴Member of the Governance, Search & Strategy Committee, chaired by Simon Wilcox
- ⁵Member of the Curriculum, Quality & Standards Committee, chaired by Bruce Armstrong
- ⁶Member of the Finance, Resources & Capital Projects Committee, chaired by Alex Luke
- ⁷Member of the Strategy & Business Development Committee, chaired by Simon Wilcox

The Corporation has agreed a category of 'associate member'. A key role of an associate member is to advise the Chair of the Corporation and the Chair of the Committee(s) that they are appointed to in their area of expertise. The term of office for an associate member is 12 months subject to an annual re-appointment review. Associate members do not have voting rights but are encouraged to express their views to help inform decision-making.

The Corporation agreed to re-appoint Mr John Bolt as an associate member for the period 01 September 2022 to 31 August 2023 and for Mr Bolt to attend meetings of the Corporation and Curriculum, Quality & Standards Committee.

The Corporation agreed to appoint Ms Charanjit Singh as an associate member for the period 01 August 2022 to 31 July 2023 and for Ms Singh to attend meetings of the Corporation and Curriculum, Quality & Standards Committee.

The Governance Framework

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 personnel-related matters such as health and safety and environmental issues. The Corporation held seven meetings during the year.

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

Formal agenda, papers and reports are supplied to governors in a timely manner, prior to Board 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.

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance, Search and Strategy Committee consisting of seven members which is responsible for the selection and nomination of any new member (with the exception of elected staff and student members) for the Corporation's consideration.

When a vacancy arises, for whatever reason, the Governance, Search and Strategy Committee will consider the skills mix required of the vacancy to ensure that the Corporation has appropriate skills and expertise amongst its membership to enable it to discharge its responsibilities.

Vacancies may be advertised either through the placing of an advert in local/national newspapers and periodicals or by advertising the vacancy on the College's website. Existing members will also be asked to bring the vacancy to the attention of any persons that they think might be suitable for appointment. Applications are submitted in writing to the Clerk to the Corporation.

Interviewing is undertaken by a panel determined by the Governance, Search and Strategy Committee. Minimum membership of the panel is the Principal, one other governor, and the Clerk to the Corporation.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

When recruiting new members, the Corporation is mindful that a successful board has an appropriate mix of governors with diverse skills, experience and backgrounds. The Corporation values the diversity of its learners and staff, who come from a variety of ethnic, cultural and religious backgrounds. Through the work of the Governance, Search and Strategy Committee, the Corporation is committed to reflecting this diversity amongst the Corporation and encourages people from a range of backgrounds and experiences to apply.

Members of the Corporation are appointed for a term of office not exceeding four years. Appointments may be made for a shorter period if the Board deems it appropriate in the circumstances. Student members are appointed for one year.

In line with the Association of College's Code of Governance, members do not normally serve for more than two terms of four years or three terms of three years (a maximum of either eight or nine years).

Committees of the Corporation

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. The committees are Curriculum, Quality and Standards; Governance, Search and Strategy; Finance, Resources and Capital Projects; Audit and Remuneration.

Curriculum, Quality and Standards Committee

Throughout the year ending 31 July 2022, the Curriculum, Quality and Standards Committee comprised eight members including two student governors and an associate member. The role of the committee is to provide assurance to the Corporation about the quality of teaching, learning and student outcomes for all provision at all levels for all age groups. The committee also participates in the moderation process for the College Self-Assessment Report (SAR).

During 2021-22, the committee met five times.

Strategy and Business Development Committee

During 2021-22, the Strategy and Business Development Committee comprising five members met once. The role of the committee was to take a lead on the review and appraisal of strategic options, including the monitoring of strategic risk and opportunities. Towards the end of the year it was decided to merge the Strategy and Business Development Committee with the Governance and Search committee. The newly formed Governance, Search and Strategy Committee began on 1 August 2022.

Governance and Search Committee

Throughout the year ending 31 July 2022, the Governance and Search Committee comprised three members. The role of the committee was to nominate external candidates for the approval of the Board to fill vacancies on the Board and for determining the process whereby candidates are nominated. Towards the end of the year it was decided to merge the Governance and Search Committee with the Strategy and Business Development Committee. The newly formed Governance, Search and Strategy Committee began on 1 August 2022.

During 2021-22, the committee met twice and led the recruitment of a Head of Governance, a new Chair of the Corporation and four new governors with a range of skills including audit, education, strategy, partnership and local businesses.

Finance, Resources and Capital Projects Committee

Throughout the year ending 31 July 2022, the Finance, Resources and Capital Projects Committee comprised up to five members. The role of the committee is to ensure value for money and maximisation of resources and to give assurance to the Corporation on the suitability and appropriateness of the College's financial strategy and policies. The committee considers and advises the Corporation on financial matters, including investment and borrowing, human resources, health and safety, the property strategy and commercial activities.

During 2021-2022, the committee met four times.

Remuneration Committee

Throughout the year ending 31 July 2022, the Remuneration Committee comprised four members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Corporation has adopted the Association of Colleges (AoC) Senior Postholder Remuneration Code and the terms of reference for the committee confirm that the committee will adhere to and follow the requirements of the Code. The Board decided against adopting the CUC Higher Education Staff Remuneration code but has instead, complied with AoC's Code because:

- Both codes cover the same areas and require College leadership to implement similar assurance and compliance measures
- Both have been designed to provide transparency and protect institutional and sector reputation by demonstrating stewardship and leadership in relation to remuneration within their institutions
- AoC's Code has been designed to be more directly relevant to the circumstances of the colleges
- AoC's Code is also identified in ESFA's 2021-22 accounts direction as suitable for adoption.

Details of remuneration for the year ended 31 July 2022 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises up to four members (excluding the Accounting Officer and the Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

The Audit Committee met three times in the year ending 31 July 2022. The members of the committee and their records of attendance at committee meetings are shown in the table on page 11.

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2022 using the following framework:

- A review of current performance against a number of governance good practice indicators outlined by the FE Commissioner (these were published May 2019)
- A review of current performance against a number of governance KPIs
- A review of board effectiveness
- A skills analysis audit conducted on current governors
- One-to-one review meetings between the Chair and each governor
- A review of the Chair's Performance by each governor
- Succession planning
- Action planning arising from the review.

The Corporation has considered DfE guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal review in 2021-22.

The Corporation agreed the following action points:

- To arrange an external review of governance.
- To review the internal self-assessment review process to integrate it more with the SAR.
- To review the governor induction, training and development processes in place.
- To carry out a review of corporation performance against the AoC Code of Good Governance.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Corporation agreed at its meeting on 14 December 2022 to award a self-assessment grade of 'Good' for governance.

Training and Development

The Corporation is committed to development and through the Governance, Search and Strategy Committee, the Corporation is responsible for ensuring that appropriate training is provided as required.

An induction process is in place for new governors which includes an introduction to the College and board process, meetings with key staff and training in safeguarding and Prevent. Newly appointed governors are offered support from a mentor, who is an experienced member of the Board.

The College offers a variety of training and development opportunities for both individual members and the Corporation as a whole so that collectively the Corporation has the necessary skills and understanding to fulfil its responsibilities under the Instrument and Articles of Government.

Training and development opportunities include the induction process, online training modules, briefings, reports, external conferences, training events and webinars and attendance at network groups.

During 2021-22, all governors completed training in Safeguarding and Prevent. One governor completed the NSPCC governor safeguarding course. One governor attended training in staff and student wellbeing and training in religious education and community.

The Chair attends meetings of the AoC London Chair Network and the Chair of the Curriculum, Quality and Standards Committee attends meetings of the Curriculum and Quality Chair network.

The Clerk to the Corporation attended the AoC Governance Professionals Conference, attends meetings of the AoC London Clerk network and has attended webinars delivered by external organisations including Governor Hub and The Governance Institute. The Clerk to the Corporation has enrolled on the Governance Institute's Chartered Governance Qualifying Programme.

Publication of Information

Full minutes of all meetings, except those deemed by the Corporation to be confidential, are published on the College website www.west-thames.ac.uk or from the Clerk to the Corporation at: karen.frost@west-thames.ac.uk.

The statutory accounts are made available on the College website www.west-thames.ac.uk by 31 January following the year-end date.

Register of Interests

The Clerk to the Corporation maintains a register of financial and personal interests of the members of the Corporation. The register is available for inspection from the Clerk to the Corporation: karen.frost@west-thames.ac.uk.

Internal Control

Scope of Responsibility

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

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

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on 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 identified the key risks that present a threat to successful fulfilment of its strategic objectives. A risk register is maintained in which the risks are classified as strategic, financial, compliance, operational, curriculum and other, and are ranked according to an evaluation of impact and likelihood. The principal risks noted on pages 7 and 8 of the Members' Report are included in the risk register.

Management of these risks is through the Corporation subcommittees for Curriculum, Quality and Standards; Finance, Resources and Capital Projects, and Audit. At each meeting of these subcommittees, there is a review of risks in the College's risk register that fall within the scope of the committee's terms of reference. The committees will assess the appropriateness of the risk score, proposed mitigation actions, and any sources of assurances being sought to confirm that the risks are being managed and mitigated; and to identify any new risks for inclusion in the risk register. In addition, at the end of each meeting, committees are required to identify the points/issues/risks that need to be brought to the attention of the Corporation.

The Audit Committee is authorised by the Corporation to investigate any activity within its terms of reference to monitor the adequacy and effectiveness of the College's systems of internal control, and its arrangements for risk management, control and governance processes. The Audit Committee will also maintain the overarching responsibility for reviewing and maintaining the structure of the Board Assurance Framework, which is subject to regular review by the Committee. In addition to its own review of the risk register, the Audit Committee receives feedback on risk register reviews conducted by the other subcommittees.

The Corporation has the ultimate responsibility for risk management and is advised in this role by the Audit Committee. The Corporation sets the tone and influences the culture of risk management within the College which, besides the regular risk reviews undertaken by the Audit Committee and other subcommittees, includes the following:

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

- Ensuring that the identification, assessment and mitigation of risk is linked to the achievement of the College's objectives
- Ensuring that the assessment of risk reflects the College's appetite for risk
- Considering any significant new activity or opportunities as they arise to ensure that risks are identified and managed
- Actively participating in major decisions affecting the College's risk profile or exposure
- Monitoring the management of significant risks to reduce the likelihood of unwelcome surprises
- Receiving regular reports from College management supplemented by internal and external audit reports and other third party agencies in order to receive assurance that all aspects of risk are being appropriately managed
- Annually reviewing the College's approach to risk management and approving changes to key elements of its processes and procedures.

Control Weaknesses Identified

The internal auditors identified a weakness in the College's systems whereby there was a lack of segregation of duties in the adding of new supplies to the finance system. In response to this, the College policy now requires a second authorisation before suppliers can be paid, including an independent check of new suppliers' bank details. This check is embedded within the accounting system software and so cannot be circumvented. The Audit Committee is satisfied that the action taken is sufficient to address the control weakness.

Responsibilities under Funding Agreements

The College has due regard for its responsibilities under funding agreements with the ESFA and other funding agencies. Ways in which the College meets these responsibilities include, but are not limited to, the following:

- Maintenance of an up-to-date Business Continuity Plan to manage the unexpected and build resilience against any disaster.
- Implementation of the necessary internal control framework and an internal audit function to ensure that it meets its obligations and those of its subcontractors under funding agreements with the ESFA
- Compliance with all health and safety legislation and Health and Safety Executive working regulations, adopting and maintaining safe policies and operations to protect the health and safety of its staff, students and the general public. Additionally, the College ensures that all operations are delivered in safe, healthy and supportive environments that meet the needs of students and staff.
- Continuously seeking to improve services for students through implementation of robust quality assurance and performance management procedures
- Having regard for the duties placed upon it by the Equality Act 2010 and building in equality of opportunity to all aspects of services
- Timely sharing of information and data as required by funding agencies whilst ensuring compliance with all data protection legislation
- Subcontracts that meet with ESFA funding rules including compliance with any enquiries, investigations and inspections that may be required
- Implementing a framework and procedures for complaints investigation and feedback.

Statement from the Audit Committee

The Audit Committee has advised the Corporation that there is an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2021-22 and up to the date of the approval of the financial statements are outlined below.

Internal audit reviews of the following areas:

- ILR funding
- Staff recruitment
- Curriculum and quality assurance
- Health and safety
- Key financial controls in the areas of income and general ledger

No specific audit review of risk management was undertaken during the year but through each of the audits conducted it was found that the College had assessed risks relating to the area, the controls in place to manage these, and identified actions to address residual risks.

WEST THAMES COLLEGE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR THE YEAR ENDED 31 JULY 2022

An element of governance was considered as part of all the internal audits undertaken during the year and no significant weaknesses in the College's governance arrangements were identified

All of the assurance work undertaken resulted in positive assurance (substantial or adequate) opinions being provided to the College and whilst some minor areas of weakness were identified these were not considered to be sufficiently significant to adversely impact on the overall effectiveness of the control environment for these areas. Where recommendations were made, management has taken or planned appropriate and timely action to implement the recommendations.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her 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 and the reporting accountant for regularity assurance 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 the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team 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 Executive Team and the internal auditor, 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"*.

Approved by order of the members of the Corporation on 14 December 2022 and signed on its behalf by:



Simon Wilcox
Chair



Tracy Aust
Accounting Officer

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Tracy Aust
Accounting Officer
14 December 2022

Statement of the Chair of the Corporation

On behalf of the Corporation, I confirm that the Accounting Officer has discussed her statement of regularity, propriety and compliance with the Board and that I am content that it is materially accurate.



Simon Wilcox
Chair
14 December 2022

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 the ESFA and OfS, 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 the College's 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 any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the 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 the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 14 December 2022 and signed on its behalf by:



Simon Wilcox
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST THAMES COLLEGE

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2022 and of its deficit of income under expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- In all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- The requirements of OfS's accounts direction have been met.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of the Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and

- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

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

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

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

Use of our report

This report is made solely to the College's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's members as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 21 December 2022

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

To: The corporation of West Thames College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 6 June 2017 and further to the requirements and conditions of funding in the 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 West Thames 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 the 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 West Thames College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of West Thames College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than the corporation of West Thames College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Thames College and the reporting accountant

The corporation of West Thames 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 the 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. 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 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;
- Further testing and review of the areas identified through the risk assessment 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, and the financial transactions do not conform to the authorities that govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 21 December 2022

WEST THAMES COLLEGE

STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £'000	2021 £'000
INCOME			
Funding body grants	2	16,325	16,533
Tuition fees and education contracts	3	2,776	2,891
Other income	4	1,248	1,128
Investment Income	5	3	3
Total income		<u>20,351</u>	<u>20,555</u>
EXPENDITURE			
Staff costs	6	13,494	13,458
Other operating expenses	7	5,061	4,748
Depreciation	10	2,160	2,276
Interest and other finance costs	8	771	739
Total expenditure		<u>21,486</u>	<u>21,221</u>
Deficit before other gains and losses and taxation		(1,134)	(666)
Taxation		-	-
Deficit for the year		<u>(1,134)</u>	<u>(666)</u>
Actuarial gain in respect of pension schemes	18	13,356	1,781
Total Comprehensive Income for the year		<u>12,222</u>	<u>1,115</u>

WEST THAMES COLLEGE

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 JULY 2022

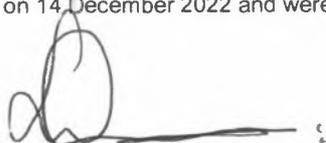
	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
Balance at 1 August 2020	(13,124)	2,968	(10,156)
Deficit from the income and expenditure account	(666)	-	(666)
Other comprehensive income	1,781	-	1,781
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	<u>1,147</u>	<u>(32)</u>	<u>1,115</u>
Balance at 31 July 2021	(11,977)	2,936	(9,041)
Deficit from the income and expenditure account	(1,134)	-	(1,134)
Other comprehensive income	13,356	-	13,356
Transfers between revaluation and income and expenditure reserves	32	(32)	-
Total comprehensive income for the year	<u>12,254</u>	<u>(32)</u>	<u>12,222</u>
Balance at 31 July 2022	<u><u>277</u></u>	<u><u>2,904</u></u>	<u><u>3,181</u></u>

WEST THAMES COLLEGE

BALANCE SHEET AS AT 31 JULY 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Tangible fixed assets	10	<u>59,132</u>	<u>60,332</u>
Current assets			
Stocks		11	11
Trade and other receivables	12	1,065	635
Investments	13	2,000	2,000
Cash and cash equivalents	14	4,661	4,844
Total current assets		<u>7,738</u>	<u>7,490</u>
Less: Creditors – amounts falling due within one year	15	(4,952)	(4,456)
Net current assets		<u>2,786</u>	<u>3,034</u>
Total assets less current liabilities		61,917	63,366
Less: Creditors – amounts falling due after more than one year	16	(48,214)	(49,757)
Provisions			
Defined benefit obligations	18, 23	(8,831)	(20,467)
Other provisions	18	(1,691)	(2,183)
TOTAL NET LIABILITIES		<u><u>3,181</u></u>	<u><u>(9,041)</u></u>
Unrestricted reserves			
Income and expenditure account		277	(11,977)
Revaluation reserve		2,904	2,936
TOTAL RESERVES		<u><u>3,181</u></u>	<u><u>(9,041)</u></u>

The financial statements on pages 26 to 47 were approved and authorised for issue by the Corporation on 14 December 2022 and were signed on its behalf on that date by:



Simon Wilcox
Chair



Tracy Aust
Accounting Officer

WEST THAMES COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2022

	Notes	2022 £'000	2021 £'000
Cash inflow from operating activities			
Deficit for the year	I&E	(1,134)	(666)
Adjustment for non cash items			
Depreciation	10	2,154	2,276
Deferred capital grants released to income	2 & 4	(1,202)	(1,198)
Deferred capital grants received		-	662
Increase in stocks		-	(3)
(Increase)/ decrease in debtors		(429)	21
Increase in creditors due within one year	15	479	796
(Increase)/ decrease in provisions	18	(95)	(95)
Pensions costs less contributions payable	23	946	782
Adjustment for investing or financing activities			
Investment income	5	(3)	(3)
Interest payable	8	771	739
Net cash flow from operating activities		<u>1,486</u>	<u>3,311</u>
Cash flows from investing activities			
Investment income	5	3	3
Payments made to acquire fixed assets	10	(959)	(576)
		<u>(956)</u>	<u>(573)</u>
Cash flows from financing activities			
Interest paid	8	(394)	(409)
Repayments of amounts borrowed	15	(321)	(301)
		<u>(715)</u>	<u>(710)</u>
(Increase) /decrease in cash and cash equivalents in the year		<u>(185)</u>	<u>2,028</u>
Cash and cash equivalents at beginning of the year	14	4,844	2,816
Cash and cash equivalents at end of the year	14	4,661	4,844

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1 STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

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

Basis of 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.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

Going concern

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

The College currently has £7,302k of a loan outstanding with Barclays Bank plc on terms negotiated in 2008. The terms of the existing agreement are for up to another 15 years. This is a 25-year fixed-rate loan. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future and make repayments as they fall due.

Accordingly, the College has a reasonable expectation that it has adequate resources for its activities to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by 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 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. 16-18 funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited directly to the Statement of Comprehensive Income.

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.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance-related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

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

Agency arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Hounslow Local Government Pension Scheme (LGPS)

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

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

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

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

Short term Employment benefits

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

Enhanced pensions

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold buildings inherited from the Local Authority (LA) and buildings acquired since incorporation are stated in the balance sheet at Net Book Valuation as the open market value for existing use is not readily obtainable.

Land and buildings acquired and building improvements since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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 Statement of Comprehensive Income 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

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

Leasehold improvements

Improvements to leasehold properties are included on the balance sheet at depreciated cost where they increase the future benefits to the College. Depreciation on leasehold improvements is charged on a straight-line basis over length of the lease.

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 £250 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

Motor vehicles	-	3 years on a straight-line basis
Computer equipment & software	-	4 years on a straight-line basis
Furniture, fittings and general equipment	-	5 years on a straight-line basis
Cabling equipment	-	10 years 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. The related grants are credited to a deferred capital grant account and are released to the statement of comprehensive income 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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.

Cash and cash equivalents

Cash includes cash in hand as well as accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Financial liabilities and equity

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

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with 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.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1. STATEMENT OF ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES (cont.)

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

Provisions and contingent liabilities

Provisions are recognised when:

- the college has a present legal or constructive obligation as a result of a past event
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

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

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

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

Judgements in applying accounting policies

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets

Tangible fixed assets, 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 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value 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.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

2 FUNDING COUNCIL GRANTS

	2022 £'000	2021 £'000
Recurrent grants		
Education and Skills Funding Agency – Adult Education Budget	186	320
Education and Skills Funding Agency – 16 to 19 Revenue Funding	11,014	11,286
Education and Skills Funding Agency – Apprenticeships	114	130
Education and Skills Funding Agency – Other Income	114	34
Greater London Authority (GLA) – Adult Education Budget	3,427	3,124
Office for Students	52	101
Specific grants		
Teachers' Pension Scheme contribution grant	265	306
Releases of government capital grants	1,153	1,152
ESFA COVID-19 testing	-	40
GLA COVID-19 Response Fund Strand 2 project	-	40
Total	<u>16,325</u>	<u>16,533</u>

	2022 £'000	2021 £'000
Disclosure requirement for OfS registered colleges*		
Grant income from the Office for Students - direct funding	52	101
Grant income from the Office for Students - HE Franchise provision	116	120
Grant income from other bodies	-	7
Fee income for taught awards (exclusive of VAT)	295	304
Fee income for non-qualifying courses	-	70
Total	<u>463</u>	<u>602</u>

*Amounts recorded relate to courses at Level 4 and above only.

3 TUITION FEES AND EDUCATION CONTRACTS

	2022 £'000	2021 £'000
Adult education fees	252	247
Fees for FE loan supported courses	332	330
Fees for HE loan supported courses	290	302
International students fees	4	2
Total tuition fees	<u>878</u>	<u>881</u>
Education contracts	1,898	2,009
Total	<u>2,777</u>	<u>2,891</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

4 OTHER INCOME

	2022 £'000	2021 £'000
Catering & Residences	507	349
Other income generating activities	380	415
Miscellaneous income	312	318
Releases of other Government capital grants	49	46
Total	<u>1,248</u>	<u>1,128</u>

5 INVESTMENT INCOME

	2022 £'000	2021 £'000
Interest receivable	3	3
Total	<u>3</u>	<u>3</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

6 STAFF COSTS

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

	2022 No.	2021 No.
Teaching staff	105	119
Non teaching staff	158	161
Total	<u><u>263</u></u>	<u><u>280</u></u>

Staff costs for the above persons

	2022 £'000	2021 £'000
Wages and salaries	7,354	7,456
Social security costs	708	689
Other pension costs	2,620	2,454
Payroll subtotal	<u>10,683</u>	<u>10,599</u>
Contracted out staffing services	<u>2,810</u>	<u>2,859</u>
	13,493	13,458
Total	<u><u>13,493</u></u>	<u><u>13,458</u></u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Team comprising the Principal, Vice Principal - Curriculum & Quality, Executive Directors - Finance, HR & Development and Executive Director - Resources & Student Experience.

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><u>4</u></u>	<u><u>4</u></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:

	Senior post-holders		Other staff	
	2022 No.	2021 No.	2022 No.	2021 No.
£65,001 to £70,000 p.a.	-	1	-	-
£70,001 to £75,000 p.a.	-	2	-	-
£75,001 to £80,000 p.a.	3	-	-	-
£130,001 to £135,000 p.a.	1	1	-	-
Total	<u><u>4</u></u>	<u><u>4</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

6 STAFF COSTS (continued)

Key management personnel compensation is made up as follows:

	2022	2021
	£'000	£'000
Basic salary	362	325
Employer's National Insurance	47	41
	<u>409</u>	<u>366</u>
Pension contributions	64	56
Total	<u>473</u>	<u>422</u>

The above compensation includes amounts paid 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	2021
	£'000	£'000
Basic salary	133	132
Other including benefits in kind	-	-
Pension contributions	31	31
Total	<u>164</u>	<u>163</u>

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

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 the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2022	2021
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	5.42	5.61
Principal and CEO's total remuneration as a multiple of the median of all staff	5.64	5.66

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

7 OTHER OPERATING EXPENSES

	2022 £'000	2021 £'000
Teaching costs	376	340
Non teaching costs	2,647	2,621
Premises costs	2,040	1,787
Total	<u>5,062</u>	<u>4,748</u>

Other operating expenses include:

	2022 £'000	2021 £'000
Auditors' remuneration:		
- Financial statements audit	35	38
- Internal audit	20	21
- Other services provided by the financial statements auditors	3	2
Hire of assets under operating leases	41	112

8 INTEREST PAYABLE

	2022 £'000	2021 £'000
On bank loans, overdrafts and other loans:	394	409
Net interest on defined pension liability (note 23)	342	301
Enhanced pension finance costs	35	29
Total	<u>771</u>	<u>739</u>

9 TAXATION

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

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

10 TANGIBLE FIXED ASSETS

	Land and buildings		Equipment & Vehicles	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2021	72,494	5,708	8,449	86,651
Additions	773	49	138	960
Disposal of assets	-	-	(6)	(6)
At 31 July 2022	<u>73,267</u>	<u>5,757</u>	<u>8,582</u>	<u>87,605</u>
Depreciation				
At 1 August 2021	17,136	1,665	7,518	26,319
Charge for the year	1,488	79	593	2,160
Disposal of assets	-	-	(6)	(6)
At 31 July 2022	<u>18,624</u>	<u>1,744</u>	<u>8,105</u>	<u>28,473</u>
Net book value at 31 July 2022	<u>54,643</u>	<u>4,013</u>	<u>477</u>	<u>59,132</u>
Net book value at 31 July 2021	<u>55,358</u>	<u>4,043</u>	<u>931</u>	<u>60,332</u>

11 NON-CURRENT INVESTMENTS

The College has a wholly-owned subsidiary company, Logistics Skills Alliance Limited, which is a company limited by guarantee. It has been dormant since its incorporation in March 2013. The Accounting Officer of the College is the ex-officio sole member.

12 TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Amounts falling due within one year:		
- Trade receivables	336	207
- Prepayments and accrued income	729	428
Total	<u>1,065</u>	<u>635</u>

There are no debtors falling due after more than one year.

13 CURRENT INVESTMENTS

	2022 £'000	2021 £'000
Short term deposits	<u>2,000</u>	<u>2,000</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

14 CASH AND CASH EQUIVALENTS

	At 1 August 2021 £'000	Cash flows £'000	At 31 July 2022 £'000
Cash and cash equivalents	4,844	(183)	4,661
Total	<u>4,844</u>	<u>(183)</u>	<u>4,661</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Bank loans (note 17)	338	321
Trade payables	971	733
Other taxation and social security	342	343
Accruals and deferred income	1,164	940
Deferred income - government capital grants	1,202	1,198
Amounts owed to the ESFA	935	921
Total	<u>4,952</u>	<u>4,456</u>

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022 £'000	2021 £'000
Bank loans (note 17)	6,964	7,302
Deferred income - government capital grants	41,250	42,455
Total	<u>48,214</u>	<u>49,757</u>

The bank loan relates to an agreed 25 year fixed term facility from May 2012 to April 2037 with Barclays plc with rate fixed at 5.26%. This loan was taken out to part fund the redevelopment of the College's Isleworth campus.

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

17 MATURITY OF DEBT

Bank loans and overdrafts are repayable as follows:

	2022	2021
	£'000	£'000
In one year or less	338	321
Between one and two years	354	338
Between two and five years	1,182	1,122
In five years or more	5,428	5,842
Total	<u>7,302</u>	<u>7,623</u>

18 PROVISIONS

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2021	20,467	2,183	22,650
Expenditure in the period	(882)	(95)	(978)
Transferred from income and expenditure account:			
- Actuarial (gain)	(12,924)	(432)	(13,356)
- Other	2,170	35	2,205
At 31 July 2022	<u>8,831</u>	<u>1,691</u>	<u>10,521</u>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in note 23.

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. This provision has been recalculated in accordance with guidance issued by the funding bodies.

19 CAPITAL AND OTHER COMMITMENTS

Contracted capital commitments as at 31 July 2022 were £304k (2021: £1148k)

20 LEASE OBLIGATIONS

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

Land and Buildings

The College has a lease arrangement with London Borough of Hounslow for the Skills + Logistics Centre site to 2026. Both parties have agreed in principle to extend this further to 2047. The principal term of the current lease is a 15-year tenure which commenced in April 2011 of which the first ten years are rent free and then revert to a rack rent for the remaining years.

Other	2022	2021
	£'000	£'000
Not later than one year	89	6
Later than one year and not later than five years	333	11
Later than five years	3	1
	<u>425</u>	<u>18</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

21 CONTINGENT LIABILITIES

The Corporation is not aware of any such liabilities (2021: none).

22 EVENTS AFTER THE REPORTING PERIOD

On 29 November 2022, the Office for National Statistics reclassified all college corporations to Central Government sector with immediate effect. This will mean that colleges will now be subject to the framework for financial management set out in Managing Public Money (MPM) and the Department for Education will introduce new rules for colleges, some of which will take effect immediately.

23 DEFINED BENEFIT OBLIGATIONS

The Colleges employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the London Borough of Hounslow Pension Fund. 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 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2022 £'000	2021 £'000
Teachers Pension Scheme: contributions paid	792	816
Local Government Pension Scheme:		
- Contributions paid	882	856
- FRS 102 (28) charge	946	782
Charge to the Statement of Comprehensive Income	1,828	1,638
Total pension cost for year	2,620	2,454

Contributions amounting to £119k (2021: £116k) payable to the schemes at 31 July were paid at the close of 31 August 2022.

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 2016. 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.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018-19). DfE has agreed 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 £792,000 (2021: £816,000)

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

23 DEFINED BENEFIT OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Hounslow Local Authority. The total contributions made for the year ended 31 July 2022 were £1076k, of which employer's contributions totalled £882k and employees' contributions totalled £194k. The agreed contribution rates for future years are 18.8 % for the College and range from 5.5% to 12.5% 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	3.75%	3.80%
Future pensions increases	2.75%	2.80%
Discount rate for scheme liabilities	3.40%	1.60%
Inflation assumption (CPI)	2.90%	2.80%
Commutation of pensions to lump sums	50%	50%

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
Retiring today		
- Males	21.0	21.0
- Females	23.5	23.8
Retiring in 20 years		
- Males	22.3	22.4
- Females	24.9	25.3

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

23 DEFINED BENEFIT OBLIGATIONS (continued)

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

	Fair Value at 31 July 2022 £'000	Fair Value at 31 July 2021 £'000
Equities	14,921	15,213
Gilts	1,100	1,096
Bonds	2,400	2,515
Property	1,208	977
Absolute return portfolio	3,231	3,777
Cash	210	263
Infrastructure	185	0
Total fair value of plan assets	23,255	23,841
Interest on plan assets	1.60%	1.35%
Actual return on plan assets	(804)	3,014

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	23,255	23,841
Present value of plan liabilities	(32,086)	(44,308)
Net pension liability (Note 18)	(8,831)	(20,467)

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	1,828	1,638
Past service cost	-	-
Total	1,828	1,638

Amounts included in interest payable

Net interest cost including admin costs	342	301
	342	301

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(1,187)	2,732
Changes in demographic assumptions	1,091	588
Experience losses arising on defined benefit obligations	(2,804)	865
Changes in assumptions underlying the present value of plan liabilities	15,824	(2,370)

Amount recognised in Other Comprehensive Income

	12,924	1,815
--	---------------	--------------

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

23 DEFINED BENEFIT OBLIGATIONS (continued)

Movement in net defined benefit liability during the year

	2022 £'000	2021 £'000
Deficit in scheme at 1 August	(20,467)	(21,199)
Movement in year:		
Current service cost	(1,828)	(1,638)
Employer contributions	882	856
Net interest on the defined (liability)	(342)	(301)
Actuarial gain or loss	12,924	1,815
Net defined benefit (liability) at 31 July	<u>(8,831)</u>	<u>(20,467)</u>

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations

	2022 £'000	2021 £'000
Defined benefit obligations at start of period	44,308	42,175
Current Service cost	1,828	1,638
Interest cost	704	563
Contributions by Scheme participants	194	191
Changes in financial assumptions	(15,824)	2,370
Changes in demographic assumptions	(1,091)	(588)
Experience gain on defined benefit obligation	2,804	(865)
Estimated benefits paid net of transfers in	(837)	(1,176)
Defined benefit obligations at end of period	<u>32,086</u>	<u>44,308</u>

Changes in fair value of plan assets

	2022 £'000	2021 £'000
Fair value of plan assets at start of period	23,841	20,976
Interest on plan assets	383	282
Return on plan assets	(1,187)	2,732
Administration expenses	(21)	(20)
Employer contributions	882	856
Contributions by Scheme participants	194	191
Estimated benefits paid	(837)	(1,176)
Fair value of plan assets at end of period	<u>23,255</u>	<u>23,841</u>

WEST THAMES COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

24 RELATED PARTY TRANSACTIONS

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

Expenses of £nil were paid to or on behalf of the Corporation Members during the year (2021: £nil)

Other than the Accounting Officer and staff representatives, no Corporation member has received any remuneration or waived payments from the College (2021: Nil).

25 AMOUNTS DISBURSED AS AGENTS - LEARNER SUPPORT FUNDS

	2022 £'000	2021 £'000
16-19 bursary funding	301	263
Other funding body grants	262	263
	<u>563</u>	<u>526</u>
Disbursed to students	(260)	(264)
Administration costs	(9)	(10)
Balance unspent as at 31 July, included in creditors	<u><u>294</u></u>	<u><u>252</u></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.