



**Members' Report and
Financial Statements
for the Year Ended 31 July 2023**

Waltham Forest College

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Waltham Forest College

Reference and Administrative Details

Board of Governors

Name	Role
P Butler	Chair of the Corporation
Y Abidou	Vice Chair of the Corporation
A Morris	Vice Chair of the Corporation
J Gardner	Principal and CEO
A Beekye	Staff Governor
G Davies	Governor (to 3 March 2023)
O Derelikoylu	Staff Governor (from 11 October 2022)
M Eichhorn	Governor
A Hall	Governor
S Hume	Governor
R Nzomono	Governor
A Seyyad	Governor
G Soyinka	Governor
D Talbot	Governor (to 31 July 2023)
N Taylor	Governor (to 13 December 2022)
J Young	Governor (to 13 December 2022)
A France	Student Governor (to 31 August 2023)
A Khan	Student Governor (to 31 August 2023)
I Gurmin	Co-opted Member of the Curriculum and Quality Committee (to 31 July 2023)
S Deschenes	Co-opted Member of the Audit and Risk Committee (from 13 December 2022)
G Woolnough	Co-opted Member of the Audit and Risk Committee (from 21 March 2023)
D Talbot	Co-opted Member of the Finance and Resources Committee (from 31 July 2023)

Executive Leadership Team

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

Registered Office

707 Forest Road, London E17 4JB

Professional Advisers

External Auditors	MHA, 6 th Floor, 2 London Wall Place, London, EC2Y 5AU
Internal Auditors	Wylie & Bisset LLP, 168 Bath Street, Glasgow, G2 4TP
Bankers	Barclays Bank Plc, 1 Churchill Place, London, E14 5AP
Solicitors	Bates Wells, 10 Queens Street Place, London, EC4R 1BE
	Eversheds Sutherland, Station Road, Cambridge, M1 5ES
	Mills & Reeve LLP, 7 th and 8 th Floors, 24 King William Street, London, EC4R 9AT

Waltham Forest College

Strategic Report

Nature, Objectives and Strategies

The members of the Waltham Forest College Corporation present their report and the audited financial statements for the year ending 31 July 2023.

Legal status

Waltham Forest College Corporation was established under The Further and Higher Education Act 1992, with its principal powers being to provide further and higher education, to provide specified secondary education, and to supply goods and services in connection with providing education. Following a review by the Office for National Statistics, it was formally announced, on 29 November 2022, that FE Colleges and their subsidiaries will be reclassified as forming part of central government sector.

Mission

The College's mission is:

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

Public benefit and strategic objectives

Waltham Forest College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on pages 19 to 20.

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

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

- A responsive, innovative and flexible curriculum that meets skills' needs
- Development of curriculum offer to reflect key priority areas as identified in the Local Skills Improvement Plan and Mayor of London priority sectors
- High quality teaching, learning and assessment
- Strong learner support systems
- High quality training environment and resources
- Effective specialist provision serves to widen participation and support social exclusion
- Collaboration with employers to meet the skills needed for industry
- Collaboration with the London Borough of Waltham Forest delivering skills and support needed for the local community.

Waltham Forest College

Strategic Report (cont'd)

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

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

Waltham Forest College has developed effective strategic partnerships with employers and key stakeholders such as the London Borough of Waltham Forest (LBWF), DWP, GLA and Local London, to ensure it meets local and regional needs. The College is particularly agile to changing economic and social needs through a dynamic responsive curriculum that is not static and adapts throughout the year. Waltham Forest College uses a range of labour market intelligence information to help inform and shape the curriculum offer. Curriculum managers use RCU Vector information as part of their effective curriculum planning process to identify local trends, growth and skills shortage areas.

As an anchor institution, Waltham Forest College is the third largest employer in the borough and employs circa 350 staff. The College is an accredited Living London Wage Employer and was the first college in London to successfully achieve the Mayor of London's Good Work Employer accreditation.

The College has developed partnerships with colleges in the Local London Sub region and has worked collaboratively on several projects to meet skills needs including the Skills Development Fund further development of skills and expertise in Green and Digital sectors and the Local Skills Improvement Fund which will fund a retrofit centre at Waltham Forest College:

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

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

The College continues to monitor the financial position that includes rigorous budgetary control, monitoring of student numbers to ensure funding targets are met, and regular monitoring of capital projects to ensure they are on track.

The College has continued to demonstrate resilience and adaptability in responding to challenges facing the Further Education Sector and this has resulted in another year of strong performance overall in terms of quality and finance outturn.

Waltham Forest College

Strategic Report (cont'd)

During the year the College has managed a suite of comprehensive College Key Performance Indicators (KPIs), which have been reviewed and monitored closely. The Corporation has received regular reports of progress on performance against these KPIs which measure performance against targets relating to learner recruitment, attendance, progress and achievement, sustainability targets and financial health; with the majority of these targets having been fully achieved in 2022/23.

Alongside the Strategic Plan, the College has a detailed three-year Financial Plan and KPIs which are regularly reported to the Corporation, showing targets relating to student recruitment, income generation, expenditure control, cash flow, loan covenants and financial health. A key financial objective for 2022/23 was to ensure the College achieved a 'good' to 'outstanding' financial health grade, as measured by the Education & Skills Funding Agency (ESFA); the College has achieved this objective.

Performance indicators

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

The College is required to complete the annual finance record for the Education and Skills Funding Agency (ESFA) that provides a range of key financial ratios.

The key performance indicators are given below:

Key performance indicator	Measure/Target	Actual for 2022/2023
Student number targets -16-19	1,944	2,207
Student achievement/progression	86.3% National Average /NA	90.6%/ 86.2%
Operating surplus/EBITDA as % of income	£486k/ 6.80%	£1,430k/ 10.44%
Staff satisfaction (via survey)	66% National average	87%
Ofsted rating	Good	Good

FINANCIAL POSITION

Financial results

The College generated a surplus before other gains and losses in the year of £1,430k, (2021/22 surplus of £1,465k); from total income of £29,579k (2021/22: £25,105k). Excluding FRS102 Section 28 pension adjustments and restructuring costs, the College achieved an adjusted operating surplus of £1,922k (2021/22: surplus £2,233k).

Operating Surplus	2022/23	2021/22
	£'000	£'000
Income	29,579	25,105
Expenditure	28,149	23,640
Surplus before tax	1,430	1,465
Add back: restructure costs	56	6
Add back FRS102 (section 28) pensions adjustments	436	762
Adjusted operating surplus	1,922	2,233

Waltham Forest College

Strategic Report (cont'd)

The adjusted operating surplus arose from the ongoing financial control and effective management of operating expenditure. The College expects to maintain a 'good' to 'outstanding' financial health grade in 2023/24.

College income improved by £4,474k (17.8%) year on year, due mainly to an increase in the income achieved from the Education and Skills Funding Agency 16-19 and Adult Education Budget funding allocations. Income from fees and education grants increased by £452k (16.4%) mainly due to increased education contracts.

The College continues to place significant reliance on recurrent grants from the further education sector's funding bodies, and in 2022/23 these funding bodies provided 86.3% (2021/22: 86.7%) of the College's total income. College expenditure increased by £4,443k (18.8%) year on year, to deliver the additional income.

The College holds accumulated net reserves, including defined benefit pension obligations of a positive balance of £11,864k (2021/22: £2,378k), year-end cash balance of £13,868k (2021/22: £9,483k) and net current assets of £7,695k (2021/22: net current assets £4,895k). Cash holdings are expected to continue to be sufficient for the College to meet its liabilities during 2023/24.

Tangible fixed asset additions during 2022/23 totalled £2,223k (2021/22: £517k), backed by grants from the ESFA and GLA of £2,471k (2021/22: £53k). The College met its bank loan covenants as at 31 July 2023.

Covid-19

The College has received £Nil (2021/22: £Nil) from HMRC for the Coronavirus Job Retention Scheme (staff furlough).

Treasury policies and objectives

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

The College has a separate Treasury Management Policy in place.

Following the reclassification of FE Colleges in the public sector, the College is unable to access external borrowing facilities.

Cash flows and liquidity

The College's net cash inflow from operating activities was £4,234k (2021/22: £3,059k). The cash position has significantly improved over the last three years due to actions taken by management. The College held 198 cash days as at 31st July 2023 as compared to 166 cash days as at 31st July 2022. This means that the College is at reduced risk from adverse short-term cash-flow movements.

The College continues to monitor and manage its daily cash-flow closely and provides regular updates to the bank on liquidity and cash flow. Cash holdings are expected to continue to be sufficient for the College to be able to meet its liabilities during 2023/24.

Reserves Policy

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

Waltham Forest College

Strategic Report (cont'd)

Financial Planning

The College is set to maintain, and in some cases, grow its services incrementally for the future. It holds an income and expenditure account surplus as at 31 July 2023 of £14,804k (2022: £12,548k) and an LGPS pension reserve deficit totalling £9,320k (2021/22: £16,940k). This year the LGPS pension liability reduced due to better than average market performance of equities and bonds, and a higher discount rate being applied to future liabilities.

Taking the LGPS pension reserve deficit into account, accumulated net reserves are positive in 2022/23 at £11,864k (2021/22: £2,378k). The table below shows the balances on the College's income and expenditure account, revaluation reserve and its LGPS pension reserve.

Total Unrestricted reserves	2022/23	2021/22
	£'000	£'000
Income and expenditure account surplus	14,804	12,548
Pension reserve (deficit)	(9,320)	(16,940)
Unrestricted reserves	5,484	(4,392)
Revaluation reserve	6,380	6,770
Total Unrestricted reserves	11,864	2,378

Financial Health

The College's financial health grade as assessed by the ESFA for 2022/23 is 'Outstanding' and through proactive management actions, it is expected to be 'Good' to 'Outstanding' for the coming academic year ending July 2024. The College exceeded its ESFA 16-19 allocation for 2022/23 by 4.8% and also exceeded its GLA and ESFA Adult Education funding allocation thresholds.

Curriculum and Quality

Enrolments

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

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

Curriculum Development

The curriculum offered by the College in 2022-23 spans all levels and ages, from Pre-Entry to Level 4, and across all types of vocational and other provision.

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

- Providing an outstanding learning experience through excellent teaching
Developing a curriculum offer, influenced by employers, that provides clear progression routes into further learning or employment

Waltham Forest College

Strategic Report (cont'd)

- Meeting local and regional skills' needs
- Embedding Maths and English into the vocational curriculum
- Enhancing learning through the use of technology
- Learner-centred leadership and active responses to the 'learner voice'

The College is continuing to develop its curriculum to meet local, regional and national skills needs, in line with Local Skills Improvement Plan (LSIP) particularly around higher level technical and

significantly invested in new facilities and equipment including Health, Construction, Green and Sustainable technologies.

The College has continued to embed excellence and aspiration into the curriculum and as a result, Waltham Forest College learners have been highly successful in competing in local, regional and national competitions. For example, a team of maths learners secured first place in the National Maths Challenge Competition. Plumbing students won a Regional Civil Society of Domestic Engineering and Surveying competition and into the regional rounds of world skills.

Meeting Skills Needs

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

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

The College has continued to grow its provision to support the growing number of students with Education and Health Care Plans and developed several new pathways this year including a supported internship programme with SEND Coffee and Barts Hospital.

The College has developed effective strategic partnerships and is represented on several local and regional Boards with key stakeholders helping to inform policy and strategy to meet regional needs. Examples include: GLA Hiring and Skills Group, part of the London Anchor Institutions Network; Mayor of London's Partnership Board, LBWF Adult Skills Strategic Board, CBI London Council, AoC national Board and London Committee, North London Chamber of Commerce. The College uses these

Waltham Forest College

Strategic Report (cont'd)

partnerships to inform and respond to local, regional and national needs; examples include:

- Partnership with JCP for SWAPs for unemployed residents (Rail, Security, Civil Service)
- Partnership with Whitefields Special School and Project Search for Supported Internships at Whipps Cross and Barts Hospitals with around 82% progression to employment
- Ongoing partnership with Probation Service and Rail Industry employers for Ex-offenders Rail programme with 100% guaranteed employment on completion of programme
- Strategic partnership with JCP and Waltham Forest Council for placed based planning of services and support including employment and skills

The College has developed partnerships with colleges in the Local London Sub region and has worked collaboratively on several projects to meet skills needs including the Skills Development Fund further development of skills and expertise in Green and Digital sectors and the Local Skills Improvement Fund which will fund a retrofit centre at Waltham Forest College.

The positive impact of meeting local needs can be demonstrated in the high positive destinations at 92% overall and 96% positive destinations for 16-19 year olds.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was

received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2022 to 31 July 2023, the College paid 80% (2021/22: 80%) of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the College to publish information on facility time arrangements for trade union officials at the College, and this is set out in the table below:

Numbers of employees who were in relevant period	FTE employee number
6	4.5

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

Total cost of facility time	£8.6k
Total pay bill	£15,900k
Percentage of total bill spent on facility time	0.05%

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

Strategic Report (cont'd)

Future Prospects

The College continues to perform well and continuously improves quality processes, significantly increasing the outcomes for learners. Its dynamic and evolving curriculum is developed in partnership with employer to support the skills needed in industry. The College has invested heavily in up to date facilities and equipment and industry facilities, allowing our students to acquire the skills they need to progress to higher skilled, better paid employment and careers.

The College is now ranked in the top three Further Education Colleges in London for overall achievements and for 16-18 year old achievements and in the top quartile nationally for learner, staff and employer satisfaction rates. Waltham Forest College's growing reputation has resulted in overall growth by around 30% over the past three years.

Its successful People Strategy has enabled the recruitment and retention of a highly skilled and motivated workforce, which in turn support an excellent experience for learners.

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

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

Recruitment for 16-19-year-old students has increased by circa 30% over the last three years, rebasing the college for a strong and more resilience financial position. The college has been successful in several bids for adult education funds which has further strengthened the college's position both in terms of curriculum offer and financial position; overall income has grown by 18% in 2022/23. This follows 13% of growth in 2020/21. This has allowed investment, curriculum, facilities and equipment and resources and investment in staff with increased continued professional development and a considerable increase in staff pay.

The college continues to invest in its estate, upgrading and re-purposing to meet recruitment demand and around priority skills needs. The College has been successful on three capital bids – the transformation fund for the refurbishment of the West Wing, T level capital (building and equipment) fund and refurbishment of the to create additional teaching space. The College has been successful to obtain capital grants from the College Transformation Fund, Wave 4 T level and Post 16 Capacity Fund in support of these projects. The projects will be delivered over the next two years and will further future support the college to meet future skills demands.

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

The College is further investing in its resources and facilities to support the growing demand in green technology and has developed a new Estates and Sustainability Strategy which sets out the plan towards a carbon neutral College. During 2022/23 the college made good progress in taking steps to reduce its carbon footprint; gas consumption reduced by 44%; electricity by 23%; water by 9% and recycling increased by 55%. The overall College carbon footprint reduced by 36%.

Going Concern

The College Corporation considers that Waltham Forest College remains a sustainable going concern

Waltham Forest College

Strategic Report (cont'd)

for the forthcoming year from the date of signing of the financial statements until 31 December 2024 and for the foreseeable future. The most recent forecasts, for 2023/24 indicate

the College will maintain an 'Outstanding' financial health grade and its underlying financial position continues to improve and are robust.

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

- there is no material uncertainty about the College's financial position and income streams
- the College's financial health as per ESFA guidelines is 'Outstanding' at 31 July 2023
- the increase in 16-19 learner numbers which the College experienced in 2022/23 will generate additional income in 2023/24
- the College has in place strong detailed financial forecasting and planning arrangements with a sensitivity analysis and scenario planning allowing prompt remedial management action if required
- cash-flow estimates for the period to 31 December 2023 indicate that the College will continue to hold sufficient cash to meet its short-term commitments and obligations and to be able to undertake capital investment to maintain the current volumes and quality of facilities and equipment
- there is a robust risk management and assurance framework in place to help assess and mitigate risk

Post balance sheet events

There are no post balance sheet events.

RESOURCES

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

Financial

The College has £21.2m (2021/22: £19.3m) of total net assets, before taking into account the defined benefit obligations liability totalling £9.3m (2021/22: £16.9m) relating to the LGPS pension scheme.

People

As at 31 July 2023 the College the total number of established staff employed was 314 (as at 31 July 2022 320), which equates to full time equivalent of 248 (as at 31 July 2022 257). The breakdown of this is included below.

Established Staff by Job Type

Job Type	Head count	FTE
Teaching, Learning and Assessment (TLA) – this category includes teachers, assessors and learning tutors	127	95
Manager – this category includes all deputy heads*, heads of departments and business support managers as well as senior managers	38	37
Support – this category includes business and curriculum support staff including apprentices.	149	116
ALL	314	248

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

Waltham Forest College

Strategic Report (cont'd)

The College has grown its reputation both locally and nationally and this can be seen in the significant growth in student numbers and with the development of strategic partnerships with employers and key stakeholders. The growing reputation of the college has led to an increase in student numbers by over a third in the past three years.

Waltham Forest College is now in the top three performing FE colleges in London for student achievement (NARTs) and is above national rates for 16-18 and 19+ provision as well as for apprentices. The college has the highest Google ratings for FE colleges in London and is in the highest quartile nationally for satisfaction rates for students, staff and employers.

Reputation

The College has developed effective strategic partnerships and is represented on several local and regional Boards with key stakeholders helping to inform policy and strategy to meet regional needs.

Examples include: GLA Hiring and Skills Group, part of the London Anchor Institutions Network; Mayor of London's Partnership Board, LBWF Adult Skills Strategic Board, CBI London Council, AoC national Board and London Committee, North London Chamber of Commerce. The College uses these partnerships to inform and respond to local, regional and national needs and to influence policy and direction.

In addition, the development of a range of collaborative partnerships with other colleges and community partners has provided opportunities to share best practice and support strategic planning of skills needs pan London.

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

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

Principal Risks and Uncertainties

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

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

Waltham Forest College

Strategic Report (cont'd)

1. Government funding

The College has considerable reliance on continued Government funding through the further education sector funding bodies. In 2022/23, 86% (2021/22: 87%) of the College's revenue was publicly funded directly through funding agencies. This level of high dependence on direct public funding potentially places the College at financial risk in an environment of falling real public funding.

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

- Proposed qualification reforms pose a risk as it impacts around 70% of 16-18 level 3 provision
- Tuition Fee income, and Advanced Learner Loans may be impacted by the difficult economic conditions
- Impact of Office of National Statistics (ONS) reclassification of Colleges to the public sector
- On-going constraints surrounding the availability of public funding
- The Government continues to review its priorities for the adult skills sector in order to meet the skills needed for the UK to compete in the global economy
- Strong competition for the recruitment of 16-19 learners
- Students being required to contribute more of their own monies to fund their learning through fees and/or student loans

These risks are mitigated in a number of ways:

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

2. Curriculum Quality

Waltham Forest College's ambitious curriculum is designed to prepare learners with the knowledge, skills and behaviours needed to enter employment and progress their careers, forming the skilled, resilient and adaptable workforce that our local and regional employers need. Learners are equipped with the confidence to actively participate in their communities, significantly contributing to social cohesion and inclusion within the local and surrounding boroughs of the College.

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

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

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

Overall learner achievement in 2022-23 is very positive.

Waltham Forest College

Strategic Report (cont'd)

The College's achievement rates in 2022-23, compared to the previous year and as compared to National and Provider Group Rates is as follows:

Age Group	2022/23	2021/22	2020/21	Provider Group Average	Difference - College 2022-23 and Provider Group Average	National Rate	Difference - College 2022-23 and National Rate
16-18	86.5%	83.3%	86.6%	81.1%	5.4%	80.7%	5.8%
19 +	92.5%	90.9%	90.2%	86.7%	5.8%	86.2%	6.3%
All Ages	90.6%	87.8%	88.9%	83.8%	6.8%	83.6%	7.0%

The College's enrolments on study programme long qualifications (Diplomas and Certificates) increased by 14.0% over the last three years with significant growth in areas where there are skills gaps including healthcare, digital, creative, electrical and construction. Learners on these programmes have an overall positive destination of 92% into further education, HE, apprenticeships and/or employment.

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

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

The excellent quality of the college's careers, advice, guidance is well embedded across the college and has been externally recognised with the achievement of whole college Matrix accreditation in 2022/23.

3. Estates

The College is striving to meet the Government's net zero target by 2030 taking account of the age of the building, infrastructure and investments needed. The College is undertaking additional capital investment needed to support College growth and age of building in 2023/24, examples of this is the West Wing refurbishment project and bringing the former swimming pool area into use as a teaching area. Also, the College has had cyclical conditional surveys undertaken, the latest survey carried out in 2019 and a structural survey completed in March 2023.

4. People

Post Covid-19, it is a challenge to recruit skilled staff in both curriculum and support areas although retention strategies are successful.

5. Cyber/ICT

The College has been successful in achieving Cyber essential accreditation and improved security to protect College systems from cyber-attacks, together training for staff to provide guidance to protect College systems.

6. Safeguarding

The College has robust policies and procedures in place to safeguard students. Robust training and compliance checks are in place for staff training.

STAKEHOLDER RELATIONSHIPS

The College uses a range of labour market intelligence information to help inform and shape the curriculum offer. Around 93% of businesses in the London Borough of Waltham Forest are SMEs or micro businesses. The College develops relationships with employers to support the alignment of the

Waltham Forest College

Strategic Report (cont'd)

curriculum to local skills needs and supports progression to employment.

The College is represented on several local and regional Boards with key stakeholders helping to inform policy and strategy to meet regional needs. Examples include: Hiring and Skills Group, part of the London Anchor Institutions' Network; LBWF Adult Skills Strategic Board, Local London, North London Chamber of Commerce, AoC Employment and Skills Board and AoC National Board; CBI London Council.

Public Benefit

Waltham Forest College is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education as Principal Regulator for all FE Corporations in England. The Members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 to 20.

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education. In 2022/23 the College achieved this in particular by:

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

SAFEGUARDING AND PREVENT DUTIES

The College has a statutory duty embodied in the Department for Education's (DfE) statutory guidance for schools and colleges, 'Keeping Children Safe in Education 2023', which sets out the responsibilities placed on schools and colleges to safeguard and promote the welfare of children. The College meets these duties through having robust policies and procedures in place and through effective reporting, monitoring and training. There is a dedicated team of safeguarding practitioners known as the 'BeSafe' Team to ensure disclosures are managed in line with statutory requirements.

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

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

Waltham Forest College

Strategic Report (cont'd)

Equality and Diversity

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

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

The College aims to be a supportive and flexible employer for its diverse and skilled work force and supports the fair and equitable treatment of all staff irrespective of gender and position. For the majority of roles, the College operates pay systems according to job roles, based on the Association of Colleges grading framework. Staff progress through their pay range based on an annual increment until the top of the grade is reached, subject to satisfactory performance.

The mean and median gender pay gap for the survey period ended 31 March 2023 are:

	Survey Year ended 31 March 2023
Mean gender pay gap	7.26%
Median gender pay gap	8.76%

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1- Lower quartile	39%	61%
2 - Lower middle quartile	48%	52%
3 - Upper middle quartile	32%	68%
4 - Upper quartile	53%	47%

The College publishes its annual gender pay gap report on its website.

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

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

Waltham Forest College

Strategic Report (cont'd)

Disability Statement

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

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

Disclosure of Information to the Auditor

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

Approved by order of the Members of the Corporation on 19 December 2023 and signed on its behalf by:



Paul Butler, Chair of the Corporation

Waltham Forest College

Statement of Corporate Governance and Internal Control

Governance Statement

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 2022 to 31 July 2023 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'); and
- iii. having due regard to the UK Corporate Governance Code 2016 in so far as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance. In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges and the UK Corporate Governance Code and it has complied throughout the year ended 31 July 2023.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015. The Code was last revised in September 2021 and accordingly adopted by the Corporation on 14 December 2021.

Waltham Forest College

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

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

Corporation Names	Date of Original Appointment	Date of Re-appointment	Term of Office	Due Date for Term Completion	Committees Served	Meeting Attendance 2022/2023
Youness Abidou Member & Vice Chair	23-Feb-15	17-Jan-22	4 years	16-Jan-26	Finance & Resources Committee (Chair) Search, Governance & Remuneration Committee (Chair)	82%
Antoinette Beekye Staff Member	1-Sep-22		2 years	31-Aug-24	Curriculum & Quality Committee	89%
Paul Butler Member & Chair	13-May-13	22-May-18	4 years	31-Jul-24 Extended term of office for a further 1 year term approved by Governing Board 13 December 2022	Search, Governance & Remuneration Committee	100%
Gary Davies Member	05-Feb-20	27-Jan-21	4 years	Resigned 3-Mar-23	Curriculum & Quality Committee, Search, Governance & Remuneration Committee	60%
Omur Derelikoylu Staff Member	11-Oct-22		2 years	10-Oct-24		80%
Michael Eichhorn Member	30-Sep-20		4 years	30-Sep-2024	Audit & Risk Committee, Search, Governance & Remuneration Committee	93%
Janet Gardner Member & Principal	31-Jul-20				Finance & Resources Committee Curriculum & Quality Committee	100%

Corporation Names	Date of Original Appointment	Date of Re-appointment	Term of Office	Due Date for Term Completion	Committees Served	Meeting Attendance 2022/2023
Andrew Hall Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Curriculum & Quality Committee	90%
Susannah Hume Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Curriculum & Quality Committee	60%
Alison Morris Member & Vice Chair	31-Oct-17	12 July 2022	4 years	01-Oct-26	Curriculum & Quality Committee (Chair), Search, Governance & Remuneration Committee	80%
Renatta Nzomono Member	06-Jun-16	27-Jan-21	4 years	30-Apr-25	Audit Search, Governance & Remuneration Committee	80%
Amir Seyyad Member	15-Mar-22		1 year	14-Mar-23	Finance & Resources Committee	100%
Gbeminiyi Soyinka Member	01-Sep-21	Confirmed for full 4 year term 12 July 2022	4 years	31-Aug-25	Finance & Resources Committee	100%
Darren Talbot	11-Oct-22		1 year	10-Oct-23		55%
Neil Taylor Member	26-Mar-19	27-Jan-21	4 years	Resigned 13-Dec-22	EPPWG Chair	50%
Jacqueline Young Member	30-Sep-20		4 years	Resigned 13-Dec-22	Audit & Risk Committee	0%
Angelina Khan Student Governor	11-Oct-23		1 year	31-Jul-24		50%
Alecia Ashanti France Student Member	11-Oct-23		1 year	31-Jul-24		100%
Bryan Johnston Member	01-Sep-23		Initial 1 year	31-Aug-24	Curriculum & Quality Committee	N/A
Leon Smith Member	1-Sep-23		Initial 1 year	31-Aug-24	Finance & Resources Committee	N/A

Waltham Forest College

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

The Governance Framework

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

The average attendance for all Members of the Corporation during 2022/23 was 76% of potential attendances.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Audit & Risk, Finance & Resources, Curriculum & Quality and Search, Governance and Remuneration. Full minutes of all meetings, except those deemed confidential by the Corporation, are available on the College's website at www.waltham.ac.uk or from the Clerk to the Corporation at:

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

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

The College's Corporation comprises members, staff members and student members (as set out on pages 19 to 20) appointed under the Instrument of Government of the College. The roles of Chair and Vice Chair of the Corporation are separated from the role of the College's Principal and Chief Executive. The Corporation holds to itself the responsibilities of the strategic direction of the College, approval of major developments and the receipt of regular reports from the Principal and Chief Executive and other officers on the operations of its business.

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

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Corporation meetings. Briefings are also provided on an ad-hoc basis. The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search, Governance and Remuneration Committee, comprising members

Waltham Forest College

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

who are responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

The annual self-assessment exercise for Board performance and Committee effectiveness in the academic year 2022-23 took place in October 2023. In addition, in line with statutory guidance, an external board review will be undertaken by a consultant from the Association of Colleges in the period November 2023 -January 2024. Feedback on this review has not been received at the time of signing, Outcomes from both the self-assessment exercise and the external review will be used to inform the preparation of the College's Self-Assessment Report and Board Action plan 2023-2024.

The following activities were undertaken during the year to develop governors and the Director of Governance:

- AoC Chairs and Vice Chairs meeting
- Safeguarding, Challenging Unconscious Bias, Prevent awareness
- AoC new governors' induction sessions
- Staff Governors Conference
- Student Governor Induction (AoC/ETF)
- AoC London Principals', CEO's, Chairs' & Vice Chairs' Forum
- Safety in Recruitment Training
- AoC Curriculum and Quality Committee Chairs' Network
- AoC masterclasses - Various

Search, Governance and Remuneration Committee

Waltham Forest College Instrument and Articles of Government, https://www.waltham.ac.uk/images/documents/governance/Waltham_Forest_College_Instrument_and_Articles_2022_23.pdf define certain senior key personnel as Senior Post Holders (SPH) and provide that the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts are matters for Governing Body (IAG Article 3(e) refers). The Governing Body has established a Search, Governance and Remuneration Committee with Terms of Reference that include;

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

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

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

Search, Governance and Remuneration Committee membership

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

The Search, Governance and Remuneration Committee membership for 2022/23 comprised:

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

Waltham Forest College

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

No consultants have been engaged by this Committee during 2022/23

Overall meeting attendance of Committee members was 86%. The Search, Governance and Remuneration Committee met five times in 2022/23:

- 6 October 2022
- 29 November 2022
- 26 January 2023
- 14 March 2023
- 26 June 2023

Senior Post Holders

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

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

The College's Search, Governance and Remuneration Committee met on 6 October 2022 - To consider and receive the following items:

- Corporation Membership – Update
- Appointment Of New Governor
- Succession Planning
- Annual Governance Report

29 November 2022 - To consider and receive the following items:

- Corporation Membership – Update
- Governance Issues · Governance action plan 2022-23
- Senior Post Holders Performance Reviews 21/22 Performance Targets 22/23 ·
- Annual Report of the Remuneration Committee – 2021/22
- Governance Issues ·

26 June 2023 - - To consider and receive the following items

- Corporation Membership – Update
- Appointment Of New Governor
- Commissioning of External Governance Review
- Review of revised Grievance Procedure for Senior Post Holders
- Review of Corporation's instrument and articles, standing orders, Scheme of Delegation, Review of Committee Membership- 2023/24
- Review of Committee's terms of reference and work plan - 2023/24

26 January 2023 - To consider and receive the Senior Post Holders Salary Reviews 22/23

14 March 2023- To consider and receive the following items

- Corporation Membership – Update

Waltham Forest College

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

Remuneration process and Remuneration Policy

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

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

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

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

The Committee considered the following:

- Salary data for Colleges with a turnover of £25-30m, as Waltham Forest College's turnover in 2021/22, was c £25m using comparable Colleges Financial Statements 2021-22
- Tier 2 and Governance Professional Remuneration Benchmarking via survey of AoC London Region Clerks Network
- Recently advertised senior leadership roles
- DMJ company secretarial annual pay report

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

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

Policy on income derived from external activities

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

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

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

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

Chief Executive pay: £165,986 pa. - Median Earnings of WFC workforce – median gross salary of £32,693 which is a multiple of 5.08. The Chief Executive/Principal did not receive a salary increase in 2021-22, thus the increase in 2022-23 was the first review in 2 years.

Waltham Forest College

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

Total Emoluments of the Chief Executives/Principal

Emoluments of the Chief Executive/Principal (£)	2022/23	2021/22
Salary	165,986	144,524
Performance Pay	N/A	N/A
Benefits	N/A	N/A
Subtotal	165,986	144,524
Employer Pension Contributions	38,634	33,790
TOTAL	204,620	178,314

Significant changes for 2022/23

Establishment of a Strategic Options Working Group comprising of the Chair and Committees' Chairs to look at strategic options for the College in line with business needs.

Expenses Policy

This is contained within the College Financial Regulations.

Audit & Risk Committee

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

No consultants have been engaged by this Committee during 2022/23.

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

The Audit Committee met three times during 2022/23 on:

- 1 Dec 2022
- 20 March 2023
- 21 June 2023

All meetings were quorate with individual attendance recorded as follows:

	1 Dec 2022	20 March 2023	21 June 2023	TOTAL
Michael Eichhorn (Chair)	√	√	√	3/3
Renatta Nzomono	√	√	√	3/3
Neil Taylor	√	N/A	N/A	1/1
Jacqueline Young	x	N/A	N/A	0/1
Simon Deschenes	N/A	√	√	2/2
Graham Woolnough	N/A	N/A	√	1/1
	3/ 4 75%	3/ 3 100%	4/ 4 100%	10/11 91%

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

Waltham Forest College

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

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

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

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

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

INTERNAL CONTROL

Scope of Responsibility

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

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

The Purpose of the System of Internal Control

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

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Waltham Forest College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

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

The Risk and Control Framework

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

Waltham Forest College

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

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

The College has an internal audit service, which operates in accordance with the requirements of ESFA's 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. Annually, the Head of Internal Audit (HIA) provides the Governing Body with a report on the internal audit activity in the College.

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

RISKS FACED BY THE CORPORATION

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

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

CONTROL WEAKNESS IDENTIFIED

The Corporation are satisfied that sufficient internal audit work has been undertaken to draw a conclusion as to the adequacy and effectiveness of the College's risk management, internal controls and governance processes. During the year, the College identified a weakness in the systems in relation to recruitment whereby a member of staff did not have the requisite qualification. In response to this, the College strengthened its onboarding procedures to include checking of original qualification certificates. Other than this specific issue, there were no other significant internal control weaknesses or failures identified.

RESPONSIBILITIES UNDER FUNDING AGREEMENTS

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education and Skills Funding Agency and the Greater London Authority are used only in accordance with the Financial

Waltham Forest College

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

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

STATEMENT OF THE AUDIT & RISK COMMITTEE

The Audit & Risk Committee has advised the Board of Governors that the corporation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the Corporation has effective internal controls in place. The specific areas of work undertaken by the Audit & Risk Committee in 2022/23 and up to the date of the approval of the financial statements are:

- Follow-Up Review
- Overall Financial Controls
- Estates Facilities and Security
- Subcontracting Controls
- Funding Review
- Safeguarding
- GDPR

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

Review of Effectiveness

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

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

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Team and Audit & Risk Committee also receives regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Principal & Chief Executive and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2023 meeting the Corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the Principal and Chief Executive and internal audit and taking account of events since 31 July 2023.

Waltham Forest College

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

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 19 December 2023 and signed on its behalf by:



Janet Gardner
Principal and Chief Executive
(Accounting Officer)



Paul Butler
Chair of the Corporation

Waltham Forest College

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

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

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

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

Signed by:



Janet Gardner
Principal and Chief Executive
(Accounting Officer)

Date: 19/12/2023

Statement of the Chair of Governors

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

Approved by order of the members of the Corporation on 19 December 2023 and signed on its behalf by:

Signed by:



Paul Butler
Chair of the Corporation

Date: 19/12/2023

Waltham Forest College

Statement of the Responsibilities of the Members of the Corporation

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

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

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and GLA, and any other public funds, are used only in accordance with ESFA's and GLA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the Corporation are within the delegated authorities set out in the "Dear Accounting Officer" letter dated 29 November 2022 and the ESFA "bite size" guidance.

Waltham Forest College

Statement of the Responsibilities of the Members of the Corporation (cont'd)

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 19 December 2023 and signed on its behalf by:

A handwritten signature in blue ink, appearing to be 'Paul Butler', written over a faint, illegible stamp or watermark.

Paul Butler, Chair of the Corporation

Waltham Forest College

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

Opinion

We have audited the financial statements of the Corporation of Waltham Forest College (the 'College') the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- Give a true and fair view of the state of the College's affairs as at 31 July 2023 and College's income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, UK GAAP and the current College Accounts Direction.

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

Waltham Forest College

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

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

Responsibilities of the Governing Body

As explained more fully in the Statement of Corporation Responsibilities on pages 31 and 32 the Members of the Governing Body are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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: The following points should be tailored to reflect the work actually performed:

- Obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the college operates in and how the college is complying with the legal and regulatory frameworks;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of College staff in finance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Waltham Forest College

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

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

Use of our report

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



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date: 22/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Independent Reporting Accountant's Assurance Report on Regularity

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

In accordance with the terms of our engagement letter dated 16 November 2023 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Waltham Forest College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Waltham Forest College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 has not been applied to purposes intended by Parliament, that the financial transactions do not conform to the authorities that govern them.



MHA

Chartered Accountants
London, United Kingdom

Date: 22/12/2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Waltham Forest College
Statement of Comprehensive Income and Expenditure

	Notes	2023 £'000	2022 £'000
INCOME			
Funding body grants	2	25,393	21,816
Tuition fees and education contracts	3	3,339	2,763
Other grants and contracts	4	182	45
Other income	5	601	480
Investment income	6	64	1
		<hr/>	<hr/>
Total income		29,579	25,105
EXPENDITURE			
Staff costs	7	17,636	15,199
Other operating expenses	8	7,840	6,010
Depreciation	11	2,079	2,014
Interest and other finance costs	9	594	417
		<hr/>	<hr/>
Total expenditure		28,149	23,640
		<hr/>	<hr/>
(Deficit)/surplus before other gains and losses		1,430	1,465
		<hr/>	<hr/>
(Deficit)/surplus before tax		1,430	1,465
Taxation	10	-	-
		<hr/>	<hr/>
(Deficit)/surplus for the year		1,430	1,465
Actuarial gain/(loss) in respect of pensions schemes	20	8,056	9,782
		<hr/>	<hr/>
Total Comprehensive Income for the year		9,486	11,247
		<hr/> <hr/>	<hr/> <hr/>

Waltham Forest College
Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2021	(16,029)	7,160	(8,869)
Surplus/(deficit) from the income and expenditure account	1,465	-	1,465
Actuarial gain/(loss) in respect of pensions schemes	9,782	-	9,782
Transfers between revaluation and income and expenditure reserves	390	(390)	-
Total comprehensive income for the year	<u>4,140</u>	<u>(390)</u>	<u>3,750</u>
Balance at 31st July 2022	(4,392)	6,770	2,378
Surplus/(deficit) from the income and expenditure account	1,430	-	1,430
Actuarial gain/(loss) in respect of pensions schemes	8,056	-	8,056
Transfers between revaluation and income and expenditure reserves	390	(390)	-
Total comprehensive income for the year	<u>9,876</u>	<u>(390)</u>	<u>9,486</u>
Balance at 31st July 2023	<u>5,484</u>	<u>6,380</u>	<u>11,864</u>

Waltham Forest College
Balance Sheet as at 31 July

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	11	29,890	29,746
Current assets			
Stocks		149	128
Trade and other receivables	12	1,121	1,045
Cash and cash equivalents	17	13,868	9,483
		15,138	10,656
Less: Creditors – amounts falling due within one year	13	(7,443)	(5,761)
Net current assets		7,695	4,895
Total assets less current liabilities		37,585	34,641
Less: Creditors – amounts falling due after more than one year	14	(16,032)	(14,576)
Provisions			
Defined benefit obligations	16	(9,320)	(16,940)
Other provisions	16	(369)	(747)
Total net assets		11,864	2,378
Unrestricted reserves			
Income and expenditure account		5,484	(4,392)
Revaluation reserve		6,380	6,770
Total unrestricted reserves		11,864	2,378

The financial statements on pages 38 to 60 were approved and authorised for issue by the Corporation on 19 December 2023 and were signed on its behalf on that date by:

Paul Butler
Chair

Janet Gardner
Accounting Officer

Waltham Forest College
Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		1,430	1,465
Adjustment for non-cash items			
Deferred capital grants	2	(808)	(859)
Depreciation	11	2,079	2,014
(Increase)/decrease in stocks		(21)	(53)
(Increase)/decrease in debtors	12	(75)	(269)
Increase/(decrease) in creditors due within one year	13	1,615	207
Increase/(decrease) in provisions	16	(378)	(218)
Pensions costs less contributions payable	7	(138)	356
Adjustment for investing or financing activities			
Investment income	6	(64)	(1)
Interest payable	9	594	417
Net cash flow from operating activities		<u>4,234</u>	<u>3,059</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Investment income		64	1
Payments made to acquire fixed assets	11	(2,223)	(517)
Deferred capital grants received		2,470	51
		<u>311</u>	<u>(465)</u>
Cash flows from financing activities			
Interest paid	9	(20)	(11)
Repayments of amounts borrowed	15	(140)	(142)
		<u>(160)</u>	<u>(153)</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>4,385</u>	<u>2,441</u>
Cash and cash equivalents at beginning of the year	17	9,483	7,042
Increase / (decrease) in cash and cash equivalents in the year	17	4,385	2,441
Cash and cash equivalents at end of the year	17	13,868	9,483
Net Debt Reconciliation as at 31 July 2023			
	At start of the year	Cashflows	At end of the year
Cash	9,483	4,385	13,868
Loans falling due within one year	(142)	(2)	(144)
Loans falling due after one year	(284)	145	(139)
TOTAL	<u>9,057</u>	<u>4,528</u>	<u>13,585</u>

Waltham Forest College

Notes to the financial statements

Accounting Policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2022 to 2023* and in accordance with *Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (FRS 102)*. The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

Basis of accounting

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

Going concern

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

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

At 31 July 2023 the College has £283k of loans outstanding with Barclays Bank. The loan will be repaid by 17 June 2025. The bank has a charge over the full value of the College's Forest Road site as security for the loan. The interest rate is floating at 1.75% above base rate.

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

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

- there is no material uncertainty about the College's financial position and income streams
- The financial statements are presented in sterling which is the functional currency of the College and amounts are rounded to the nearest thousand pound, other than where indicated
- the College's financial health is forecast to remain 'outstanding' for the year ending 31 July 2024
- the increase in 16-19 learner numbers which the College experienced in 2023/24 will generate additional income in 2024/25 which can be delivered from the current cost base
- the College has in place strong detailed financial forecasting and planning arrangements with a sensitivity analysis allowing prompt remedial management action if required
- cash-flow estimates for the period to 31 December 2024 indicate that the College will continue to hold sufficient cash to meet its short-term commitments and obligations and to be able to undertake capital investments to maintain the current volumes and quality of facilities and equipment

Waltham Forest College

Notes to the financial statements

Recognition of income

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

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

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

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

Agency arrangements

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

Post-employment benefits

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

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

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

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

Waltham Forest College

Notes to the financial statements (cont'd)

the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets and actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement. Termination payments - Termination benefits, including redundancy costs, are recognised when the College has the obligation to pay the benefits and they can be reliably measured.

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

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

Land and Buildings

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

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

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

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. No impairments of fixed assets have been carried out during 2022/23.

Waltham Forest College

Notes to the financial statements (cont'd)

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

Assets under Construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

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

Borrowing costs

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

Leased Assets

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

Stocks

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

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.

Waltham Forest College

Notes to the financial statements (cont'd)

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

Taxation

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

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

Provisions and contingent liabilities and assets

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, and it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The College has provisions for potential dilapidations relating to two leased properties and for enhanced pensions.

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

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. The College has no contingent liabilities as at 31 July 2023.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- That there are no indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Waltham Forest College

Notes to the financial statements (cont'd)

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Whilst the inflation assumption is shown as 2.7%, some actuaries in the FE sector have used an inflation assumption of 2.9%. If this were adopted the pension liability would increase by £1,034k.

Waltham Forest College

Notes to the financial statements (cont'd)

2 Funding Body grants

	2023	2022
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	308	552
Education and Skills Funding Agency – 16 -18	13,193	11,587
Education and Skills Funding Agency – apprenticeships	358	437
Greater London Authority - adult	10,361	7,849
Specific Grants		
Teachers' Pension Scheme Contribution grant	365	292
Special Grant – FE Professional Development Grant (FEPDG)	-	239
Releases of government capital grants	808	859
Total	<u>25,393</u>	<u>21,815</u>

3 Tuition fees and education contracts

	2023	2022
	£'000	£'000
Adult education fees	155	142
Apprenticeship fees and contracts	3	14
Fees for FE loan supported courses	1,332	1,302
Total tuition fees	<u>1,490</u>	<u>1,457</u>
Education contracts	1,849	1,306
Total	<u>3,339</u>	<u>2,763</u>

4 Other grants and contracts

	2023	2022
	£'000	£'000
Other grants and contracts	182	45
Total	<u>182</u>	<u>45</u>

5 Other income

	2023	2022
	£'000	£'000
Catering and residences	16	20
Other Income generating activities	18	15
Miscellaneous income	567	445
Total	<u>601</u>	<u>480</u>

Waltham Forest College

Notes to the financial statements (cont'd)

6 Investment income

	2023 £'000	2022 £'000
Other interest receivable	64	1
	<u>64</u>	<u>1</u>

7 Staff costs

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

	2023 No.	2022 No.
Teaching staff	148	150
Non-teaching staff	166	170
	<u>314</u>	<u>320</u>

Staff costs for the above persons

	2023 £'000	2022 £'000
Wages and salaries	9,513	8,562
Social security costs	961	839
Other pension costs	1,927	2,330
Payroll sub total	12,401	11,731
Contracted out staffing services	5,179	3,462
	17,580	15,193
Restructuring costs Contractual	34	6
Non-contractual	22	-
	<u>17,636</u>	<u>15,199</u>

Severance payments for all staff

All severance payments made by the College during the period of the financial statements are:

0 - £25,000	8
£25,001 - £50,000	1
£50,001 - £100,000	0
£100,001 - £150,000	0
£150,001 +	0

Included in staff restructuring costs are special severance payments totalling £56,000 (2022: £6,000). Individually, the payments in 2022-23 were: £1,000, £2,000 (2 instances), £3,000 (2 instances), £4,000, £6,000, £13,000 and £33,000.

Waltham Forest College

Notes to the financial statements (cont'd)

7 Staff costs (cont'd)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Chief Executive who is Principal, Deputy Principal Curriculum and Quality and Deputy Principal Corporate Resources. The total emoluments for key management personnel are considered annually by the Search, Governance and Remuneration Committee that takes account of targets set in the previous year being achieved, reference to benchmark data contained in the Association of College's Senior Pay Survey, and the salary ranges in the Remuneration Process and Policy that takes account of the principles of the AoC Code. Also, the Search, Governance and Remuneration Committee sets a framework that is affordable.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	<u>3</u>	<u>3</u>

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

	Key management personnel		Other staff	
	2023 No.	2022 No.	2023 No.	2022 No.
£60,001 to £65,000	-	-	5	2
£65,001 to £70,000	-	-	4	2
£70,001 to £75,000	-	-	3	5
£75,001 to £80,000	-	-	1	1
£80,001 to £85,000	-	-	1	-
£85,001 to £90,000	-	-	1	-
£90,001 to £95,000	-	1	-	-
£95,001 to £100,000	-	1	-	2
£110,001 to £115,000	2	-	1	-
£140,001 to £145,000	-	1	-	-
£165,001 to £170,000	1	-	-	-
	<u>3</u>	<u>3</u>	<u>16</u>	<u>12</u>

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	391	338
Pension contributions	82	70
	<u>473</u>	<u>408</u>
Agency Costs	-	-
Total key management personnel compensation	<u>473</u>	<u>408</u>

Waltham Forest College

Notes to the financial statements (cont'd)

7 Staff costs (continued)

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

	2023 £'000	2022 £'000
Basic salary	166	145
Pension contributions	39	34
	<u>205</u>	<u>179</u>

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

The remuneration package of Key management staff, including the Principal and Chief Executive, is subject to annual review by the Search, Governance and Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance. The Principal and Chief Executive Officer did not receive a salary increase in 2021-22, thus the increase in 2022-23 was the first review in 2 years.

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

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

	2023	2022 restate d
The Principal and CEO's basic salary as a multiple of the median of all staff	5.08	4.98
The Principal and CEOs' total remuneration as a multiple of the median of all staff	5.60	5.64

The calculation of the multiple of the median of all staff, includes staff on permanent and fixed term contracts with staff costs grossed up to 1 FTE. It excludes casual and agency staff.

Compensation for loss of office paid to former key management personnel

	2023 £	2022 £
Compensation paid to the former post-holder contractual	-	-

No members of key management personnel received compensation for loss of office in 2022/2023 or 2021/2022. There was no salary sacrifice arrangements in place for any key management personnel for 2022/2023 or the 2021/2022.

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

8 Other operating expenses

	2023 £'000	2022 £'000
Teaching costs	793	808
Non-teaching costs	4,913	4,025
Premises costs	2,134	1,177
Total	<u>7,840</u>	<u>6,010</u>

Waltham Forest College

Notes to the financial statements (cont'd)

	2023	2022
	£'000	£'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit	36	32
Other services provided by the financial statements auditors*	3	3
Internal audit and other services	18	19
Operating leases	<u>64</u>	<u>46</u>

* Other Services provided by the Financial Statements auditors consist of the Teacher Pension audit £3k (2021/22: £3k).

9 Interest payable

	2023	2022
	£'000	£'000
On bank loans, overdrafts and other loans:	<u>20</u>	<u>11</u>
On finance leases	574	406
Net interest on defined pension liability (note 21)		
Total	<u>594</u>	<u>417</u>

10 Taxation

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

11 Tangible Fixed Assets

	Land and buildings			Assets in the	
	Freehold	Tenants	Equipment	Course of	Total
	£'000	Improvement	£'000	Construction	£'000
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2022	47,521	819	4,699	63	53,102
Additions	133	-	944	1,146	2,223
At 31 July 2023	47,654	819	5,643	1,209	55,325
Depreciation					
At 1 August 2022	19,547	819	2,990	-	23,356
Charge for the year	1,517	-	562	-	2,079
At 31 July 2023	21,064	819	3,552	-	25,435
Net book value at 31 July 2023	26,590	-	2,091	1,209	29,890
Net book value at 31 July 2022	27,974	-	1,709	63	29,746

Waltham Forest College

Notes to the financial statements (cont'd)

12 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	82	74
Prepayments and accrued income	1,038	971
Total	1,120	1,045

Total write-off of outstanding debts amounted to £37,477 in 2023. Of this sum, £9,762 is in respect of 26 individual instances. A single write-off of £27,715 has been approved by the Corporation Board.

13. Creditors: amounts falling due within one year	2023 £'000	2022 £'000
Bank loans and overdrafts	144	140
Trade payables	1,350	121
Other taxation and social security	420	281
Accruals and deferred income	3,602	2,382
Other creditors	824	1,858
Payments received on account	200	138
Deferred income - government capital grants	903	841
Total	7,443	5,761

14 Creditors: amounts falling due after one year

	2023 £'000	2022 £'000
Bank loans	139	284
Deferred income - government capital grants	15,893	14,292
Total	16,032	14,576

15 Maturity of debt: Bank Loan

	2023 £'000	2022 £'000
Bank loans and overdrafts are repayable as follows:		
In one year or less	144	140
Between one and two years	139	140
Between two and five years	-	144
Total	283	424

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

Waltham Forest College

Notes to the financial statements (cont'd)

16 Provisions	Defined benefit obligation £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2022	16,940	285	462	17,687
Expenditure in the period	-	(20)	-	(20)
Transferred from income and expenditure account	(7,620)	(15)	(342)	(7,977)
At 31 July 2023	9,320	250	120	9,690

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

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

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.80%	2.90%
Discount rate	5.00%	3.30%

Other provision is made for legal costs in respect of employment claims and legacy pension claims.

17 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	9,483	4,385	-	13,868
Total	9,483	4,385	-	13,868

18 Capital and other commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July	14,038	-

19 Lease Obligations

	2023 £'000	2022 £'000
Not later than one year	81	45
Later than one year and not later than five years	125	56
Total	206	101

20 Events after the reporting period

There are no events after the reporting period

Waltham Forest College

Notes to the financial statements (cont'd)

21 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31 March 2019 and of the LGPS 31 March 2022.

Total pension cost for the year	2023	2022
	£'000	£'000
Teachers' Pension Scheme: contributions paid	981	1,053
Local Government Pension Scheme:		
Contributions paid	553	407
Deficit payments	531	514
FRS 102 (28) charge	<u>(174)</u>	<u>337</u>
Charge to the Statement of Comprehensive Income	910	1,258
Total Pension Cost for Year within staff costs	<u>1,891</u>	<u>2,311</u>

Teachers' Pension Scheme

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

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

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

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

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

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

Waltham Forest College

Notes to the financial statements (cont'd)

21 Defined benefit obligations (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards. The Department of Education has committed to pay a teacher pension employer contribution grant to cover the additional costs during the 2023/24 academic year. The Teachers' Pension Agency has announced the employers' pension contribution rate will increase to 28.68% with effect from 1st April 2024. The Department of Education has committed to increase the teacher pension employer contribution grant to cover the additional costs during the 2024/25 academic year.

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

The pension costs paid to TPS in the year amounted to £1,363k (2022: £1,224k)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the London Borough of Waltham Forest. The total contribution made for the year ended 31 July 2023 was £1,316k (2022: £1,102k), of which employer's contributions totalled £553k (2022: £407k), employees' contributions totalled £232k (2022: £181k) and additional deficit payments totalled £531k (2022: £514k). The agreed contribution rates for future years are 17.1% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	4.20%	4.20%
Future pensions increase	2.80%	2.80%
Discount rate for scheme liabilities	5.20%	3.50%
Inflation assumption (CPI)	2.70%	2.70%
Commutation of pensions to lump sums	25%	25%

Whilst the inflation assumption is shown as 2.7%, some actuaries in the FE sector have used an inflation assumption of 2.9%. If this were adopted the pension liability would increase by £1,034k.

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 2023	At 31 July 2022
	years	years
<i>Retiring today</i>		
Males	21.40	22.60
Females	23.70	25.10
<i>Retiring in 20 years</i>		
Males	22.50	24.10
Females	25.40	27.00

Waltham Forest College

Notes to the financial statements (cont'd)

21 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2023 £'000	Fair Value at 31 July 2022 £'000
Equity instruments	16,529	16,407
Property	2,678	2,993
Other bonds	3,852	-
Cash	1,122	828
Other	1,326	6,493
Total market value of assets	<u>25,507</u>	<u>26,721</u>
Actual return on plan assets	(381)	(864)

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

	2023 £'000	2022 £'000
Fair value of plan assets	25,507	26,721
Present value of plan liabilities	<u>(34,827)</u>	<u>(43,661)</u>
Net pensions (liability) (Note16)	<u>(9,320)</u>	<u>(16,940)</u>

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	<u>912</u>	<u>1,258</u>
	<u>912</u>	<u>1,258</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(1,923)	(1,312)
Changes in assumptions underlying the present value of plan liabilities	<u>9,979</u>	<u>11,050</u>
	<u>8,056</u>	<u>9,738</u>

Waltham Forest College

Notes to the financial statements (cont'd)

21 Defined benefit obligations (continued)

Movement in net defined benefit (liability)/asset during the year	2023 £'000	2022 £'000
Surplus/(Deficit) in scheme at 1 August	(16,940)	(25,916)
Movement in year:		
Current service cost	(912)	(1,258)
Employer contributions	1,086	921
Administration costs	(36)	(19)
Net interest on the defined (liability)/asset	(574)	(406)
Actuarial gain or loss	8,056	9,738
Net defined benefit (liability)/asset at 31 July	<u>(9,320)</u>	<u>(16,940)</u>

Asset and Liability Reconciliation	2023 £'000	2022 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	43,661	54,083
Current Service cost	912	1,258
Interest cost	1,506	852
Contributions by Scheme participants	232	181
Experience gains and losses on defined benefit obligations	2,738	3,390
Changes in financial assumptions	(12,717)	(14,440)
Estimated benefits paid	(1,505)	(1,663)
Defined benefit obligations at end of period	<u>34,827</u>	<u>43,661</u>

Changes in fair value of plan assets	2023 £'000	2022 £'000
Fair value of plan assets at start of period	26,721	28,167
Interest on plan assets	932	446
Return on plan assets	(1,923)	(1,312)
Administration costs	(36)	(19)
Employer contributions	1,086	921
Contributions by Scheme participants	232	181
Estimated benefits paid	(1,505)	(1,663)
Fair value of plan assets at end of period	<u>25,507</u>	<u>26,721</u>

Waltham Forest College

Notes to the financial statements (cont'd)

There is no past service cost for 2023 (2022: £Nil) in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

The form of remedy adopted

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

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

22 Related party transactions

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

The College contracts with Leyton Orient Trust to deliver part of the College's sports provision. The College Governor, Mr. Neil Taylor (Governor until 13 December 2022), is the Chief Executive Officer of Leyton Orient Trust. During the year the College incurred costs payable to Leyton Orient Trust of £381k (2022: £432k). There is an amount of £37k payable at the year end with a potential bonus of £20k if key performance indicators are achieved.

Expenses paid to or on behalf of Governors during the year amounted to £Nil; (2021/22 £Nil).

23 Amounts disbursed as agent

Learner support funds

	2023 £'000	2022 £'000
16-19 bursary grants	343	292
Adult Learner Support	250	250
Learner Loans bursary grants	251	241
	<hr/> 844	<hr/> 783
Disbursed to students	(773)	(671)
Administration costs	(26)	(48)
	<hr/>	<hr/>
Balance unspent as at 31 July, included in creditors	<u>45</u>	<u>64</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.

Waltham Forest College

Notes to the financial statements (cont'd)

24 Contingent Asset

There is a contingent asset insofar the College has a signed agreement with the Greater London Authority in respect of the ESF Social Care Academy project. Costs have been recognised in the 2022/23 for the project. However, currently, it is not certain that the College will receive the income, estimated at £218k, as the GLA are reviewing as to whether the outcomes have been met or not. At the moment, there are certain outcomes that have not been met. Income from this project is excluded.