LOUGHBOROUGH COLLEGE

Report of the Members of the Corporation and Financial Statements

for the year ended 31 July 2022

Loughborough College

Key Management Personnel, Board of Governors and Professional advisers

Key Management Personnel

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

Ms J Maher – Chief Executive Officer; Accounting officer
Mr H Khurmi – Chief Financial Officer
Mrs H Clarke – Acting Vice Principal for Student Experience
Mrs H Van Aardt – Acting Vice Principal Curriculum, Quality
Mr I Jones – Director of Governance and Legal
Mr C Cockerton – Dean of HE
Mr C Butler – Vice Principal People, Planning and Marketing (to January 2022)
Miss AM Francis – Vice Principal Curriculum, Quality (to June 2022)
Mrs E Kilby Brooks – Director of HR (from February 2022)
Mr B Docherty – Director of Planning Performance and MIS (from February 2022)
Mr D Richardson – Director of Estates and Sustainability (from February 2022)

Board of Governors

A full list of Governors is given on page 21 of the report of the Members.

Mr I Jones acted as Clerk to the Corporation.

Registered Office
Radmoor Road
Loughborough
Leicestershire
LE11 3BT

Professional advisers

Financial Statements Auditors and Reporting Accountants
RSM UK Audit LLP
103 Colmore Row
Birmingham
B3 3AG

Independent Assurance Advisors
ICCA Education Training & Skills Limited
Charles House
Great Charles Street
Birmingham
B3 3HT

Bankers

Santander	Lloyds Bank Plc	Royal Bank of Scotland
Bootle	1st Floor, Butt Dyke House	1st Floor
Merseyside	33 Park Row	5 Market Street
L30 4GB	Nottingham	Leicester
	NG1 6GY	LE1 6DN

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Members' Report

Nature, Objectives and Strategies

The members present their annual report and the audited financial statements for the year ended 31 July 2022.

Legal Status

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

Vision and Mission

The College's vision is "Broadening horizons, Transforming lives and Shaping futures", its mission is "To transform and enrich lives through lifelong learning, empowering the workforce of tomorrow".

Public Benefit

Loughborough 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 Governing Body, who are trustees of the charity, are disclosed on page 21.

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

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

- High-quality teaching;
- Widening participation and tackling social exclusion;
- Excellent employment record for students;
- Strong student support systems;
- Links with employers, industry and commerce;
- Links with Local Enterprise Partnerships (LEPs)

Loughborough College

Members' Report (continued)

Implementation of Strategic Plan

In December 2020 the College adopted a College strategy for the period 1 August 2020 to 31 July 2025. This strategy includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives is to achieve the following by July 2025:

- Deliver a technical and academic curriculum offer that enables progression in to employment, higher education and supports the community we serve;
- High performance standards across all aspects of provision compared to national benchmarks;
- Financial performance enabling investment in learning, staffing and resources required for industry 4.0;
- Learners, staff and employers have a great experience at College;
- Excellence in all aspects of our work with the College operating effectively, efficiently and safely.

The College has an annual leadership and business plan with strategic priorities and actions which enables the College to support achievement of its strategy. The core priorities for 2021/22 were as follows-

- A high quality and continually improving blended learning curriculum offer is delivered across all aspects of provision in 2021/22 and positively reported in student satisfaction (greater than 90%). Achieved;
- A high quality T level provision is in place and quality is evidenced by learner progress (all learners on or above target) and student satisfaction (greater than 90%). Substantially achieved;
- Learner achievement rates are increased and are above national rates with reduced gaps in achievement by July 2022. Partially Achieved;
- The College maintains an Ofsted ready status and implements a plan which aspires to Good and Outstanding judgements. Achieved;
- The College prepares and plans for an Ofsted Social Care inspection leading to a judgement of Good or better at the next inspection. This inspection subsequently took place in 2021/22 and the College was rated as Outstanding;
- The College's new T level building is completed to time, budget and quality standards by summer 2022. Achieved;
- The new Institute of technology funding bid subject to a successful outcome in December 2021 is subsequently successfully progressed to the next stage by July 2022, this being done in partnership with Loughborough University, Derby College and Derby University. Achieved;
- Further estates strategy developments are supported by comprehensive and robust funding bids to the Further education transformation fund and local towns funds, and if successful progressed by July 2022. Achieved;
- Financial health is Good by July 2022. Achieved;
- The College continually remains COVID 19 secure. Achieved;
- Management systems leading to accreditation for ISO22301/ISO27001 and Cyber essentials plus have been implemented by July 2022. Cyber Essentials Plus Achieved;
- The Investors in Diversity work continues and becomes fully embedded across all areas of the college. Achieved;
- The College continues to grow its Higher education curriculum offer including blended and partnership provision. Achieved;
- The College remains compliant with external requirements. Achieved

Financial Objectives

The College's financial objectives for 2022/23 are:

- To maintain a financial rating of no lower than Good;
- To achieve a surplus of £23k for underlying operational performance before FRS102 adjustments;
- To achieve an EBITDA of 5.58% of adjusted income by the 31st July 2023;
- To achieve an adjusted current ratio of 1.42 by the 31st July 2023;
- To continue to maintain robust cash balances and achieve £4.267m by the 31st July 2023;
- To maintain cash days of above 30 for all months and 42 days by the 31st July 2023;
- To reduce borrowing to 14.22% of adjusted income by the 31st July 2023, this excludes the needs of any future estate's strategy or other major developments where this may be agreed to rise;
- Compliance with banking covenants;
- Pay costs as a % of adjusted income at 64.6%;
- Generating sufficient funds to allow for £1m of operational capital expenditure investment for equipment and estates infrastructure needs, this excludes the needs of any future estate's strategy or any specific capital grants where this may be agreed to change; and
- To support the delivery of the College's building projects in line with the board approved Estates strategy. This includes the DFE funded new Institute of Technology to open by Autumn 2024, and Further Education Transformation funding from the DFE which will lead to a new world class sports building to open by summer 2025. The College is also delivering a Towns funded new Digital skills centre building to open by spring 2024.

Performance Indicators

The College specific objectives for 2021/22 and the achievement of those objectives are addressed below:

Budget Objectives 2021/22	**Achievement Status 2021/22**
Total Income £35.374m	£37.452m
Operating surplus position of £302k excluding FRS102 pension adjustments	£466k
EBITDA of £2.044m or 4.89% of income	£2.159m or 5.86%
Financial Health Category: Good	Financial Health Category: Good
Adjusted Current Ratio: 1.47	1.29
Strengthen Cash Balances to £4.86m	£6.732m
Cash days of 54 days	42 days
Borrowing as a % of Income 16.81%	15.89%
Staff costs as a % of Income 66% (excluding FRS102 adjustments)	63.1%
Operational Capital expenditure of £0.9m	£0.979m

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency (ESFA).

The College was assessed by the ESFA as having a "Good" financial health grading for 2020/21. The current self-assessed rating of Good for 2021/22 is considered a positive outcome especially given the challenging financial climate post COVID, unprecedented inflationary pressures and rising utility costs.

Loughborough College

Members' Report (continued)

Financial Position

Financial Results

The Group generated total comprehensive income of £26,260k (2020/21 comprehensive expense of £2,325k), excluding the movement on restricted funds of £1k. The total comprehensive income in 2021/22 is stated after accounting for the actuarial surplus on pension schemes. The results prior to pension costs and adjustments was total comprehensive income of £465k (2020/21 total comprehensive income of £407k). The FRS102 'Pension Adjustment' set out in the table below are non-cash adjustments posted to the financial statements. The entries are based on an independent actuarial review of the adequacy of the payments the College makes to its Local Government Pension Scheme.

The table below highlights the consolidated underlying performance before accounting for the pension adjustments.

Consolidated Underlying Performance

	Year ended 31 July 2022 Group Result	
	Including Pension Adjustment	**Excluding Pension Adjustment**
	£'000	**£'000**
Total Income	37,451	37,451
Total Expenditure	39,380	36,985
(Deficit)/ Surplus before other Gains and Losses	**(1,929)**	**466**
Loss on Disposal of Assets	(1)	(1)
Comprehensive (expense)/ income	**(1,930)**	**465**
Loss on Investments	(1)	(1)
Total Tax	0	0
(Deficit)/ Surplus for the year	**(1,931)**	**464**
Actuarial Surplus/(Deficit) in respect of Pensions Schemes	28,190	0
Total Comprehensive (Expense)/Income for the year	**26,259**	**464**

The financial results for 2021/22 show that the College has achieved an underlying operational surplus of £466k (prior to FRS102 pension adjustments) and a financial health rating of Good.

The group results post FRS102 pension adjustments of the College have also been significantly impacted by the actuarial valuation as at 31st July 2022. As a result, the College experienced an actuarial surplus of £28.190m, other pension adjustments of £2.395m. Overall pension liabilities in the balance sheet decreased by £25.795m from £26.282m to £0.487m.

In 2021/22 the College delivered to 3,365 16-18 year-old learners against an allocation amounting to 3,612 learners.

Loughborough College

Members' Report (continued)

Financial Results (continued)

The Group has accumulated reserves of £27,699,000 (College £28,512,000) and cash and short-term investment balances of £6,732,000. Excluding the FRS102 adjustment, the groups reserves increased by £466,000. The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £4.245m. This was split between land and buildings acquired of £0.272m, equipment purchased of £1.314m and assets in course of construction for the new T level building of £2.659m. Disposals of £0.133m for land and buildings and £0.057m for equipment are largely due to the cleardown of assets with a zero net book value, linked to the refurbishment of the College B block and demolition of old Nursery buildings.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021/22 the FE funding bodies provided 73.7% of the Group's total income (2020/21 76.3%).

The College has only one subsidiary company, The Leicestershire College Ltd

The Leicestershire College Ltd operates on private sector principles, which includes having its own defined pension scheme and its own terms and conditions of supply. The Leicestershire College Ltd was set up in 2016/17, was dormant in 2017/18 and started to trade from the beginning of 2018/19. The Leicestershire College Ltd provides support to Loughborough College with its development and ability to increase competitiveness in the economy whilst providing opportunity for improved quality and efficiency. Any surpluses generated by the subsidiaries are transferred to the college under deed of covenant. In the current year, the profits generated were £17,514 (2021: £102,071)

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum. The College had £5,825,000 of unsecured bank loans at 31st July 2022. The current bank loan was used to refinance the indebtedness of the previous borrowers in 2019/20. The previous loans were used to fund capital building replacement and refurbishment projects.

Group Cash Flows, Liquidity and Going Concern

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded. The Group and the College are in a net current assets position of £1.054m and £1.012m respectively at 31 July 2022. The Members of the Corporation have concluded the College can continue as a going concern due to the current self-assessed health at Good status and projected health of the College also being at Good status and the strength of underlying cash generation from operations.

Loughborough College

Members' Report (continued)

Financial Results (continued)

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The Group has reserves of £27,699,000 comprising of £22,409,000 in general reserves, £5,016,000 in revaluation reserves and £274,000 in a restricted permanent endowment reserve. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

The College's income and expenditure reserves have been significantly impacted by the actuarial pension fund results as at the 31st July 2022. Mainly due to the discount rate, this has decreased the overall pension liability from £26.282m to £0.487m in the balance sheet.

Current and Future Development and Performance

The College's 2022/23 leadership business plan supports the achievement of the 2025 strategic priorities, and is structured under five strategic themes, Learners and Community, Quality, People, Finance and Operational Excellence. The core priorities for 2022/23 are as follows-

- A high-quality T level provision is in place and quality is evidenced by learner progress;
- Successfully deliver the skills development projects and ensure integration with the Local Skills Improvement Plan;
- Implement the employer engagement strategy including the introduction of a tiered partnership model, regular strategic reviews and deliver an increase in the number of employers we work with from 2021/22;
- Further develop our adult learning offer to reflect the needs of our community and meets employer needs;
- Learner achievement rates across all types of provision to be at least 4% above national average;
- Implement the ten key standards to ensure that teaching and learning and assessment is of a high quality and reflects innovative and creative approaches, with 96% of all observations judged as meeting or exceeding standards;
- Teachers, assessors, managers and learners are well prepared to engage in Ofsted Inspection expectations in 2022/23 including curriculum and learner articulation activities;
- Maintain HE student satisfaction levels >5% above benchmark as measured in NSS;
- The underlying operating surplus budget of £23k agreed with board is delivered;
- Financial health remains Good by July 2023;
- Ensure College solvency in 2022/23 with robust cashflow above 25 days each month, and bank covenants continuing to be passed;
- Extend the Investors in Diversity programme and work towards being a leader in diversity;
- The career and talent programme is initiated to further enhance our excellent people;
- Ensure all capital and similar projects remain compliant with external requirements from key stakeholders;
- Develop and implement a new Estates and Sustainability strategy.

Loughborough College

Members' Report (continued)

Current and Future Development and Performance (continued)

In terms of future developments for estates, the College has significant capital projects and works planned in the future, and these are described in more detail within the capital developments section of this report.

To support these capital projects the College has secured long term financing with Santander Bank. This includes higher revolving credit facilities of £3m extended to April 2027, which will align with the maturity of the existing long-term loan. This also supports liquidity, operational cashflows, cash balances, bridges any timing delays between capital spend and grant receipts and protects financial health. Further support has also been gained with delivering the further education transformation fund project with DFE agreement to front load the capital grant allowing for timely payments. The remaining capital projects also have supportive grant payment profiles for capital project expenditure.

Financial Health

The College's health has been assessed by the ESFA as Good for 2020/21. Based on these financial statements the College's health will be Good for 2021/22. A two year financial plan was submitted to the ESFA in July 2022 and it is the College's intention to maintain Good financial health despite the wider economic climate challenges.

Student Numbers

	Year Ended 31 July 2021 £'000
The College has delivered activity against the main Funding Body Main Allocation of (Note 2)	27,583

	Year Ended 31 July 2022
The college's approximate student population is as follows:	
Funded Learners	
16-18 year olds*	3,365
Diploma in Sporting Excellence	1,609
16-18 Apprentices	345
19+ Apprentices	550
Higher Education Students	991
International Students	73
AEB Learners	1,483
Advanced Learner Loan Learners	166
Total Funded Learners	**8,582**
Non-Funded Learners	**495**
Total Learners	**9,077**
** 16-18 Allocation*	*3,612*

Loughborough College

Members' Report (continued)

Learner Achievements

Loughborough College has a mission "to transform and enrich lives through lifelong learning, empowering the workforce of tomorrow." Our vision is "Broadening horizons. Transforming Lives. Shaping Futures." Students are at the heart of everything that we do and meeting local, regional and national skills needs is at the core of what we deliver, and we focus clearly on the destinations of our outstanding students.

Loughborough College is at the forefront of the skills agenda and has played a leading and convening role regionally and nationally in response to the Skills and Post-16 Education Act. Loughborough College was the first provider in the country to launch and support the kickstart initiative, which the current Prime Minister (then Chancellor) launched for us. The college is committed to strengthening progression pathways for students, providing academic and technical routes coupled with high-quality qualifications that lead to further study or skilled employment. Our flagship T-level building and curriculum offer is a testament to this approach. The college was also part of the Local Skills Improvement Plan (LSIP) trailblazer and the Skills Development Fund (SDF) pilot, which has been so successful that additional funds from Sport England will see that it continues. Our collaborative relationship with Loughborough University is unique and sector leading. Together we completed the first Town's Deal project in the country through the launch of the Careers and Enterprise Hub, secured the only NFL Academy in world, and worked with our regional partners and employers to win the East Midlands Institute of Technology bid.

The college Executive team have spearheaded a campus expansion of £21m to provide a world class learning environment for learners. Further detail is provided in the capital development section of this report.

Loughborough College delivers to c.10,000 students across Charnwood, Leicestershire, Nottingham and Derby, as well as national and international sport provision. Provision is organised from pre-entry to degree level and covers a range of local, regional and LLEP priority sectors, including apprenticeship provision across all LEP priority sectors. We welcome students from a large and diverse recruitment area. Our core recruitment area includes areas of high deprivation and economic challenges, which have been compounded by Covid-19 and the cost of living crisis. Our catchment area includes two neighbourhoods that are recognised as being in the most deprived top 10% in the Index of Multiple Deprivation and a further two neighbourhoods in the bottom 20% of deprivation areas - the only such neighbourhoods in Charnwood. The proportions of the LLEP working-age population qualified to Level 2 (70.9%) and Level 3 (54.1%) were below the national figures of 57.1% and 74.6% respectively.

The College achieved the full Matrix reaccreditation and is the only FE college in the region to be invited by the East Midlands Chamber of Commerce to join them in being a preferred partner and patron. We were the first college in the country to deliver trauma informed training to all staff to support our students.

Learners enjoy their time at Loughborough College and satisfaction rates are high. Despite the challenges of Covid-19, many employers offered valuable work placement and industry placement opportunities, with over 1,600 students completing across a range of organisations. The return to exams resulted in the college achieve significantly better than benchmark outcomes in both A levels and GCSEs. A level high grades (A*-C) have improved and are 4.9% above the General FE average. GCSE grades 4-9 were significantly above sector benchmark. Higher education students took part in the NSS survey with a completion rate of 95% which is 20% above the sector benchmark, 95% satisfaction is 10% above the 2020/21 outturn and 26% above sector benchmark.

The College was rated as Ofsted Good, with Outstanding for Apprenticeships at its last inspection in May 2017. The College also achieved an Outstanding rating for its accommodation under the social care inspection framework in 2021/22.

Curriculum Developments

The College offers provision in all sector subject areas except construction and land-based. Provision is organised from pre-entry to degree level and covers a range of local, regional and LLEP priority sectors. The College has an international reputation for sport and has strong partnerships with Loughborough University, sharing a range of facilities. Across the provision the College has a range of significant employers and relevant partners.

Loughborough College is at the forefront of the skills agenda and has played a leading and convening role regionally and nationally in response to the Skills Bill. From being the first completed Town's Deal project in the country through the launch of the Careers and Enterprise Hub, to leading a Skills Development Fund (SDF) pilot and being part of the Local Skills Improvement Plan (LSIP) trailblazer, to securing an East Midlands Institute of Technology and partnership with the global NFL Academy, it is clear that supporting students to develop the skills that employers require is central to the college's approach. The desired direction of curriculum development is to meet and address the skills needs of the local, regional and national economy, where appropriate, and the communities the college serves. Central to this is ensuring that learners' destination opportunities are clear and of value to them. The College has a performance monitoring framework to drive improvement across the College and ensure that the requirements of the Ofsted Education Inspection Framework (EIF) are met.

The College has apprenticeship provision across all ages in Business, Engineering, Customer Service, Logistics, Sport, IT, Care Services, Education and Childcare, Health and Science, Logistics and Service Industries.

The College has a significant HE offer, with provision offered at HNC/D, Foundation Degree and Honours Degrees. They are validated by a range of partner universities, including Loughborough, Nottingham Trent, Lincoln and Derby. The offer includes Business and Management, Early Years, Engineering, Music, Public Services, Sports Science, Sports Coaching, Sports Therapy and Teacher Training.

Capital Developments

The College has had another very successful year of capital funding bids and estates developments. The College's £3.1m T level new building capital project, supported by a £2.1m DFE grant has created a state of the art T level building. This was successfully opened for delivery to T level learners from September 2022. The centre has been designed to provide a range of flexible teaching and specialist spaces to meet the needs of the T Level qualifications. The course, equivalent to A Levels, offers students a mix of classroom learning and 'on-the-job' experience.

The College has had significant success with capital funding applications. In December 2021 the College in partnership with Loughborough University, Derby College and Derby University was successful with its bid to DFE for a new East Midlands Institute of Technology. This will lead to a brand new three storey building with state of the art facilities at the gateway to the campus, adjacent to the new T level centre. The new 1,426 sqm building estimated to cost £7.5m will operate on a net zero carbon basis, and will host specialist delivery in new higher- level technical training focused on meeting the needs of industry. This project has been successfully progressing through design and development and is due to open by Autumn 2024.

In April 2022 the College was notified of its successful application to the DFE further education transformation fund with a grant of £9.91m. This will lead to a transformation of the estate with the demolition of the mothballed boiler house and L block buildings which are in poor condition, and these will be replaced with a new world class 3 storey 3,000 sqm sports building which will enhance elite level training facilities at the College. The project will be completed by Summer 2025.

In addition to the above, the College in January 2022 was notified of its successful bid to the local Towns fund for a new £2.6m 600sqm Digital Skills centre building. This is now progressing through the final stage of government approval which is expected by December 2022. Subject to final approval this project is due to complete by spring 2024. A separate successful towns fund bid to upgrade the existing roof and windows of the careers and enterprise hub in the heart of Loughborough town centre has passed through all stages of approval with £150k of grant funding awarded. These works will be completed by spring 2023.

The College also made significant investments in improving the estate and supporting the development of the curriculum over the summer of 2022. This included the creation of new NFL academy dedicated rooms and an additional new E-Sports room in the Hub, refurbishment of the Gables residential accommodation blocks, an additional Higher education sports therapy suite in the Radmoor building, improvements to teaching spaces in the Technology building, and other room alterations/improvements across the campus.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site, which contain the recently built T Level building.

Financial

The Group has £27,700,000 of net assets (including a £487k pension liability) and long-term debt of £5,825,000.

People

The Group employs 588 people (expressed as full time equivalents), of whom 300 are teaching staff.

Reputation

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

Stakeholder Relationships

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

- Students;
- Education sector funding bodies;
- Sixth Form /FE Commissioner;
- Staff;
- Local employers;
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Key Performance Indicators

The College measures itself and is measured externally by certain key performance indicators.

First and foremost, student recruitment, retention and achievement are measured internally and is also scrutinised externally via Ofsted inspections.

The financial health of the College is assessed via a suite of prescribed ESFA formulae. The College is required to submit funding returns each year which sets out its anticipated performance over the life of the financial plan. This model includes all the key ratios widely used in the sector to assess performance.

In terms of staffing the College carries out a staff survey each year.

Members' Report (continued)

Principal Risks and Uncertainties:

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.

The key risks that the Group has identified are as follows:

1. **Financial Risk**
The Group's financial assets and liabilities are generally generated by day-to-day operational activities rather than being held to change the risks facing the Group in undertaking its activities.
The Group's treasury management operations are carried out by the finance department, within parameters defined formally within the Group's standing financial instructions and policies agreed by the Corporation. Group treasury activity is subject to review by the Finance Committee.

2. **Currency Risk**
The Group is principally a domestic organisation with majority of transactions, assets and liabilities being in the UK and Sterling based. The Group therefore has low exposure to currency rate fluctuations.

3. **Market (Interest Rate) Risk**
All of the Group's financial assets and all of its financial liabilities carry nil or fixed rates of interest. The Group is not therefore, exposed to significant interest rate risk.

4. **Credit Risk**
The majority of the Group's income comes from contracts/funding grants with other public sector bodies, resulting in low exposure to credit risk. The Group mitigates its exposure to credit risk through regular review of debtor balances and by calculating a bad debt provision at the end of the year.

5. **Liquidity Risk**
The Group continues to monitor its monthly and future cash position through its ESFA finance submissions and has governance arrangements in place to manage cash requirements throughout the year. The Group is not, therefore, exposed to significant liquidity risks.

Based on the strategic plan, the executive team and heads of departments 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 executive team will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A College risk register and Corporate risk register is maintained, which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

The Corporate risk register which is regularly maintained and monitored highlights the top key principal risks that the College currently manages as part of risk management planning. For 2021/22 the College corporate risk register highlighted thirteen key risks for monitoring and management and not all of these are within the College's control. In 2020/21 cyber security planning was raised to become a significant corporate risk due to the prevalence of incidents in the public sector. Four key corporate risks are highlighted in more detail below including the measures to mitigate them.

Loughborough College

Members' Report (continued)

Principal Risks and Uncertainties (continued)

1 Failure to maintain the short term and long term viability of the College

The College's financial health is self-assessed as Good for 2021/22, as described further above (Good for 2020/21). This is largely a consequence of rigorous and accurate planning, management and monitoring of College finances. Notwithstanding that, the continuing challenges to the College's financial position remains the constraint on further and higher education funding arising from inflation, rising utility costs, intense competition in the market place for jobs and higher wage pressures whilst maintaining the student experience.

The risk is mitigated in a number of ways:

- Rigorous budget setting procedures and sensitivity analysis
- Regular in year business planning forecasts and monitoring of budgets
- Robust financial controls
- Up to date long term financial strategies supporting key income streams
- Regular long term financial plan modelling
- Detailed planning and costing of the curriculum to support budgets
- Accurate and timely management accounts
- Procurement efficiencies constantly being explored

2 Lack of Business Continuity Planning

The risk is that the College's business operations and plans fails to adapt to COVID 19 variants or other similar impactful events resulting in learning not taking place effectively, college departments not operating effectively and the risk of an environment which is not safe.

This risk is mitigated in a number of ways:

- A College business continuity plan with supporting department continuity plans
- An up to date and robust College critical incident management plan
- A COVID 19 secure risk assessment with controls and actions implemented and updated on a regular basis
- Robust COVID 19 processes and procedures in place and updated regularly
- An appropriate health and safety team in place
- Regular health and safety committee meetings monitoring compliance
- Regular review of AOC/ESFA and government guidance for COVID 19
- Regular communication and meetings with staff, unions and parents to keep them aware of safety measures and changes to managing COVID 19

3 Reducing Apprenticeships Income

The risk is that the College's work with large and small employers on Levy and Non-Levy programmes is impacted by further government reforms and a downturn in relation to the economic climate leading to the College not meetings its income targets.

This risk is mitigated in a number of ways:

- An Apprenticeship strategic plan in place
- An effective sales team in place to support new starts
- Effective policies and procedures in place
- A robust apprenticeship business planning and budget setting process
- Quality assurance and standards framework in place
- Rigorous Self-assessment process in place

Principal Risks and Uncertainties (continued)

4 Reducing Higher Education Income

The risk is that Higher education activity is negatively affected by government policy changes in the future, a reducing demographic trend, learners deferring education for a year due to cost of living pressures and increasing competition.

This risk is mitigated in a number of ways:

- Robust HE leadership structure in place to oversee HE activities
- Robust HE business planning and budget setting process
- Fee agreement set which is competitively market tested and benchmarked
- A HE Strategic plan in place
- Effective policies and procedures in place
- Quality assurance and standards framework in place
- Rigorous Self-Assessment process in place

5 Fit for Purpose Curriculum Delivery

The risk is that the curriculum cannot be delivered effectively and efficiently and /or does not meet government and awarding body guidance rules.

This risk is mitigated in a number of ways:

- An effective enrolment plan with social distancing and online/telephone based
- A blended learning plan for all areas
- Close monitoring of remote delivery for all curriculum areas
- Adequate support for staff and learners for laptops and other information technology needs
- Targeted delivery plans in place to support government priority areas for catch up learning and resits for examinations
- T level development and implementation plan in place and monitored on a regular basis

Equality and Diversity

Equality

At Loughborough College we are committed to Fairness, Respect, Equality, Diversity, Inclusion and Engagement, beyond compliance with legislation and towards mainstreaming equality, diversity and inclusion throughout our college community to ensure equality of opportunity for all learners, staff and service users. We work hard to break down barriers to ensure that discrimination in any form is eliminated, unfairness is challenged, diversity is celebrated and achievement gaps between different groups of learners are reduced.

All people are treated with dignity and respect and offered equality of access to aspire to and achieve the best that they can in a safe, welcoming and supportive environment. Equality, diversity and inclusion underpin all key college strategies to ensure equality of opportunity for all Loughborough College learners, employees and stakeholders in all locations and all modes of delivery.

Regular staff training takes place to ensure that all staff are conversant with, and recognise the importance of their responsibilities within the Equality Act in relation to each individual's unique and protected characteristics through the Diversity and Inclusion training. The College uses an Equality Duty Framework (EDF) to ensure compliance with all relevant equality legislation, including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and for existing policies and procedures on a regular, planned basis.

The College is actively working with the National Centre for Diversity and has achieved the Investors in Diversity Award. The active Equality, Diversity and Inclusion (EDI) Steering Group with a representative membership continues to shape college policy and provision. There is a link governor on the college board for Equality and Diversity to ensure representation at senior leadership level. A 'Diversity Hub' has been developed as a repository for EDI information, updates and links to provide current and inspiring content for staff and students.

Loughborough College

Members' Report (continued)

Disability Statement

Loughborough College is an accredited 'disability confident' employer, and we actively encourage applications from underrepresented groups such as potential employees with disabilities. We are committed to making reasonable adjustments and offering additional support to ensure that learners, who may otherwise be disadvantaged due to learning difficulties, physical or sensory disabilities or medical conditions, have an equal chance of being recruited to and successfully completing their programme of learning.

Loughborough College has an inclusive culture whereby the learning needs of learners are promoted and supported throughout their learning. Inclusion is central to our ethos and we welcome a diverse student population from all over the world, every year, to our friendly campus. We want each student to have an individualised learning experience that promotes positive behaviours, attitudes and values. Reasonable adjustments are made and additional support is offered based on assessment and review of each individual's needs.

We have invested significantly to establish a team of specialist lecturers to effectively support students with learning difficulties and/or disabilities. We have a team of Learning Support Co-ordinators who lead a number of learning support assistants who provide a variety of support for student's learning and additional needs. There is a continuing programme of staff development to ensure the provision of high levels of appropriate support for students who have learning difficulties and/or disabilities. In addition, our Welfare and Development Team provides support for learners experiencing challenges related to inclusion, general wellbeing and mental health.

The College has strong links with local authorities and complies with current SEND legislation to ensure best endeavours are applied throughout each learner's journey. The College pays close regard to the SEND Code of Practice and fulfils its statutory duty towards children and young people with SEND.

The College is committed to eliminating discrimination, promoting equality of opportunity and fostering good relations between disabled and non-disabled children and young people.

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.

The College had 6 employees (FTE) who were trade union representatives from 1 April 2021 to 31 March 2022, with the time being spent and approximate costs shown below.

Percentage of working hours spent on facility time	Number of Employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£15,986
Total pay bill	£20,491,687
Percentage of total bill spent on facility time	0.08%

Time spent on paid trade union activities as a percentage of total paid facility time	0%

Gender Pay Gap Reporting
Gender Distribution

In accordance with the Regulations, we have divided the total population of the workforce into four quartiles: the lower quartile (Q1), lower middle (Q2), upper middle (Q3) and upper quartile (Q4) pay bands. The percentage of males and females within each quartile are:

- lower quartlie - 17.1% male and 82.9% female
- lower middle quartlie – 31.6% male and 68.4% female
- upper middle quartlie – 47.6% male and 52.3% female
- upper quartlie – 51.5% male and 48.5% female

Gender Pay Gap by Pay Quartile

The Gender Quartile distribution is equal in the Upper Quartile. There are more women in Quartiles 1, 2 and 3. The main roles in Quartile 1 are nursery and cleaning staff where there are predominantly more women. There is a pay gap favourable to female employees in the third and fourth quartiles. Pay is almost equal in quartiles 1 and 2.

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

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations 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. During the accounting period 1 August 2021 to 31 July 2022, the College paid 80.47% of its invoices within 30 days of receipt (2020/21 77.65%). The College incurred £510 in respect of late payment for this period (2020/21 £362).

Disclosure of Information to Auditors

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

Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the college has adequate resources to continue in operational existence for the foreseeable future. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements. Following the uncertainty presented by Covid 19, cash balances and cash flows have been monitored and managed carefully and as a result have not been significantly impacted by the pandemic. Management has reassessed the going concern assumption and confirm that it remains appropriate based on the strong cash and net asset position, excluding long term pension liabilities, which enables it to meet its liabilities as they fall due.

The College currently has £5.825m of unsecured loans outstanding with bankers on terms negotiated in 2020. The terms of the existing agreements are for 20 years.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the college's ability to continue as a going concern.

Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Loughborough College

Members' Report (continued)

Disclosure of Information to Auditors (continued)

Energy and Carbon Report - Group only

The college's greenhouse gas emissions and energy use for the period are set out below:

	2022	**2021**
Total consumption of electricity (kWh)	3,000,381	3,653,953
Total consumption of gas (kWh)	2,624,541	2,507,484
Total consumption of fuel for the purposes of transport - Diesel (litres)	1,630	838
Total consumption of fuel for the purposes of transport - Petrol (litres)	1,593	307

	Tonnes of Carbon Dioxide ($kgCO_2e$)	**Tonnes of Carbon Dioxide ($kgCO_2e$)**
Total consumption of electricity	1,236,307	1,505,611
Total consumption of gas	482,908	461,370
Total consumption of fuel for the purposes of transport - Diesel	4,257	2,188
Total consumption of fuel for the purposes of transport - Petrol	3,501	674
	1,726,972	**1,969,843**

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

[DULY SIGNED]

Stuart Lindeman
Chair of Governors

30/03/23

Loughborough College

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
iii. whilst not having adopted the UK Corporate Governance Code 2018, the corporation has due regard to its principles and guidance insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ending 31 July 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges which it formally adopted on 20th July 2015, with effect from 1st August 2015 and having due regard to the Remuneration Code as amended in May 2019.

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

Loughborough College

The Corporation

The members who served on the Corporation during the 1 August 2021 - 31 July 2022 and up to the date of the signature of this report are listed in the table below. Attendance is reported for the academic year 2021/22.

	Date of Appointment to Corporation	Term of office	Date of Resignation/ expiry of term	Status of appointment	Committees served in addition to Corporation Board in year 2021/22 and up to date of signature	% Overall attendance inc. Board & Committees in year 2021-22 *(as percentage of possible attendance)*	Corporation Board Attendance in year 2021-22 *(as percentage of possible attendance)*
Ms E Compson	May 2019 *reappointed for 2nd term of office.*	4 years		Independent Governor	Chairs Standing and Remuneration wef Aug 21	92%	100%
Mrs W Coy	July 2018	4 years	31 Jan 22	Chair until 15Dec21	FPEC Remuneration Chairs' Standing	75%	100%
Mrs M Coulter	April 2022	4 years			QTLA to Dec22 FPEC wef Dec 22	50%	100%
Mrs J Dickenson-Darcy	October 2020	4 years		Independent Governor	QTLA Audit & Risk wef Sept21	88%	75%
Ms K Herbert	November 2019 *reappointed for 2nd term of office*	4 years		Staff Governor	QTLA	88%	100%
Mrs S James	October 2020	4 years	December 22	Independent Governor	QTLA	25%	25%
Mr I Jones	October 2020	4 years		Independent Governor	Audit & Risk	88%	100%
Mr S Lindeman	July 2020 *reappointed for 2nd term*	4 years		Vice-Chair. Chair wef 16Dec21	Chairs' Standing QTLA HE Panel	94%	100%
Prof. C Linton	July 2020 *reappointed for 2nd term of office*	4 years		Independent Governor	Remuneration	100%	100%
Mrs J Maher	April 2020	n/a		CEO & Principal	FPEC, QTLA (VP designated), Chairs Standing, HE Panel	100%	100%
Mr C Manton	Nov 2018	4 years		Staff Governor	FPEC	75%	75%
Mr I Marron	Sept 2017 *(*reappointed for 2nd term wef Sept 2021)*	4 years		Independent Governor. Vice-Chair wef 16Dec21	Audit & Risk Chairs' Standing RemCo cooption one-off 16Mar22 & QTLA 9Mar22	100%	100%
Mr K Mavani	April 2022	4 years		Independent Governor	FPEC	100%	100%
Mr M Pearson	September 2019 *reappointed for 2nd term*	4 years		Independent Governor	FPEC Chairs' Standing Remuneration	94%	75%
Mr I Sharpe	September 2018 *reappointed for 2nd term*	4 years	31 Aug 2022	Independent Governor	FPEC	100%	100%
Mr M Vyner	October 2019	4 years		Independent Governor	Audit & Risk Remuneration wef Aug22	75%	75%
Miss H Young	December 2020 *(*reappointed October 21)*	1 year	12 Dec 2022	Student Governor HE	HE Panel	86%	75%
Mr S Gohil	October 2021	1 year	31 July 2022	Student Governor FE	QTLA	71%	75%
*Mr R Deamer**	*October 2022*	*1 year*		*Student Governor HE*	*HE Panel wef Nov22*	*n/a*	*n/a*
*Miss Y Al-Saket**	*October 2022*	*1 year*		*Student Governor FE*	*QTLA wef Nov22*	*n/a*	*n/a*

The Corporation ***(continued)***

Note

- Where the governors attended meetings of committees to which they were not appointed, these are not reflected in the meeting membership attendance figures
- * denotes Members appointed/re-appointed after 31 July 2022 up to the date of signature of this report
- Chairs' Standing Committee includes Search Committee function
- QTLA – Quality, Teaching, Learning & Assessment Committee
- FPEC – Financial Performance & Efficiency Committee
- HE – HE Panel
- The independent governor Ian Jones is not connected with the Director of Governance & Legal Services of the same name.

Jo Maher was the College Chief Executive and Principal for the academic year. Ian Jones was the Director of Governance and Legal Services for the period. This role includes Clerk to the Corporation, Data Protection Officer and lead on the College legal provision.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, and personnel-related matters such as health and safety and environmental issues. The Corporation Board meets at least once per term and has met 4 times in the 2021/22 academic year. Two additional Away Days for strategic development were held in the period and governors training and development events were held throughout the year.

The Corporation conducts its business through board meetings, 5 committees, and task and finish groups, as required. Each committee has terms of reference, which are approved by the Corporation annually and presented to each of the individual committees at their first meeting of the academic year for information and review as appropriate. These committees are the Audit & Risk Committee, Chairs' Standing Committee (including Search Committee function), the Quality of Teaching, Learning & Assessment Committee, Financial Performance & Efficiency Committee and Remuneration Committee. The HE Panel created during the 2019/20 academic year continues to provide improved assurance of its Higher Education functions, reporting through the QTLA to allow greater scrutiny and monitoring of HE quality and compliance. The HE Panel comprises 5 members including a HE Student Governor who sits on this Panel as well as an externally co-opted member. Full minutes of all meetings, except those deemed confidential by the Corporation, are available on the College's website [at www.loucoll.ac.uk] or from the Director of Governance & Legal Services at: Loughborough College, Radmoor Road, Loughborough, LE11 3BT.

The Director of Governance & Legal Services maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

The Corporation has a strong and independent non-executive element, and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship that 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.

The Corporation *(continued)*

Appointments to the Corporation

Any new appointments to the Corporation are matters for the consideration of the Corporation as a whole. Appointments are made on the recommendation of the Chairs' Standing Committee which consists of five members of the Corporation. The Corporation is responsible for ensuring that appropriate training is provided as required. Appointments are made on the basis of skills and experience, taking into consideration the areas of need. The desire to improve diversity is included in recruitment campaigns. Members of the Corporation are appointed for a term of office not exceeding four years, but may be reappointed for a second term of office.

At the December 2021 Board Meeting the then Chair of Governors, Wendy Coy, stood down, the Vice-Chair, Stuart Lindeman was elected Chair of Corporation and Ian Marron was elected Vice-Chair. Two new independent governors and two Student Governors (HE and FE) were appointed to the Corporation Board during the period. Two new student governors (HE and FE) have also been appointed since 31 July 2022, and up to the date of signature of this report. Two new co-opted members (Audit & Risk Committee and QTLA) have been appointed in the 2021/22 academic year.

Corporation performance

Governor Development
During 2021/22 the whole governing body was provided with regular training and development opportunities arranged in-house for all governors to attend. The topic covered included

- Understanding Teaching Learning & Assessment
- Understanding Finance including LSIP overview by East Midlands Chamber of Commerce.
- Investors in Diversity and FREDIE
- Safeguarding and Prevent

Two Away Days were arranged for governors and executive during the year with a focus on FE Governance reforms and the high performing board agenda; current sector issues; the new Ofsted Inspection Framework; and long-term strategic planning.

All new governors undertake mandatory training on EDI, GDPR, Safeguarding, Prevent, KCSIE and together with any governors whose training has expired.

The Chair and Vice-Chair attended the AoC Conference in November 2021 and the Chair attends regular AoC network events on-line.

The Director of Governance and Legal Services attended the AoC National Conference in November 2021 and the Governance Professional AoC Regional and National network events. He also attended a Skills Reform Regional Conference and a conference about HE/FE collaboration during the year.

The corporation carried out an internal self-assessment of its own performance for the year ended 31 July 2022, including a governor skills audit and a review of the performance of each of the corporation committees. Having commissioned an external review during 2020/21, the Board is working to demonstrate that it is a high performing Board by the time of an external review planned for autumn 2023.

The Corporation *(continued)*

Work of the Corporation

During the year to July 2022, the Corporation Board's work was focused on the quality of the College's provision, its financial performance, and its long-term College strategy, including funding for capital investments, and on ensuring the College has the right people and structures to deliver these aims.

Jo Maher was Chief Executive and Principal for the period. Anne-Marie Francis Vice Principal (Quality and Curriculum) and Colin Butler Vice Principal (People and Planning) left the College's Executive Team during the year.

Corporate policies approved during the year include the College Fees Policy and Sub-Contracting Fees and Charges Policy, as well as the Risk Management Policy, and revisions to the Financial Regulations. In support of the focus on improving the quality of provision for all learners and strengthening the College's financial performance, the Board monitored performance against a range of high-level key performance indicators and reviewed the College's long-term strategic direction, alongside a close review of the College's current financial position and planning. In addition, the Board monitored progress against the Leadership Business Plan Objectives 2021/22 with governor oversight provided by each activity being allocated to one of the committees.

During the year, the Board approved the submission of capital funding bids in support of the College's estates strategy, approved in December 2020 and in consideration of the College's strategic direction on curriculum. Submissions approved included capital bids to improve the condition of the College estate (FECTF) and for the development of a digital skills hub as well as for improvements to the careers and enterprise hub (Towns Fund).

In April 2022 the Board approved the proposed contract to set up a high profile NFL Academy for 2022/23 at the college in collaboration with Loughborough University.

Remuneration Committee

As at the year ending 31st July 2022 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel. Details of remuneration for the year ended 31st July 2022 are set out in the financial statements.

Audit & Risk Committee

The Audit & Risk Committee comprises five members, and does not include the Accounting Officer or Chair. Membership included a co-opted member throughout the period with one leaving in December being replaced at that time. The Committee operates in accordance with written terms of reference approved by the Corporation and reviewed annually by the Committee.

The internal auditors for the period were ICCA and the external audit provision was provided by RSM auditors, both appointed with effect from 1st August 2020.

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

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

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

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

The Corporation (continued)

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Loughborough College for the year ended 31 July 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performances
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Loughborough College has an independent assurance service, whose work is informed by an analysis of the risks to which the College is exposed, and annual plans are also based on this analysis. The analysis of risks and the assurance plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum, annually, the governing body is provided with a report on assurance activity in the College. The report includes an independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

The Corporation (continued)

Review of effectiveness

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

- the work of the independent assurance advisers
- 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 statement auditors, the reporting accountant for regularity assurance in their management letters and other reports.

The Chief Executive has been advised on the implications of the result of this review of the effectiveness of the system of internal control by the Audit & Risk Committee, which oversees the work of the independent assurance advisers 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 from senior management setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit & Risk Committee also receive regular reports from the independent assurance advisers 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 senior management team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At the December 2022 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and independent assurance advisers, and taking account of events since 31 July 2022.

Based on the advice of the Audit & Risk Committee and the Chief Executive, 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 and signed on its behalf by:

[DULY SIGNED]	**[DULY SIGNED]**
Stuart Lindeman **Chair of Governors**	**Jo Maher** **Chief Executive**
30/03/23	30/03/23

Loughborough College

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

We confirm on behalf of the corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding, under the college's grant funding agreements and contracts with the ESFA.

We 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 the ESFA.

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 the ESFA.

[DULY SIGNED]

Jo Maher
Chief Executive

30/3/23

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.

[DULY SIGNED]

Stuart Lindeman
Chair of Governors

30/03/23

Loughborough College

Statement of Responsibilities of the Members of the Corporation in respect of the Financial Statements

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

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

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

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder. 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 and signed on its behalf by:

[DULY SIGNED]

Stuart Lindeman
Chair of Governors

30/03/23

Independent auditors' report to the Corporation of Loughborough College

Opinion

We have audited the financial statements of Loughborough College (the "College") and its subsidiary (the "Group") for the year ended 31 July 2022 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or 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 Report of the Members of the Corporation and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report of the Members of the Corporation and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

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

- the College's grant and fee income, as disclosed in the note 2 to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of Loughborough College

As explained more fully in the Statement of the Corporation's Responsibilities, set out on pages 29, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Loughborough College

Independent auditors' report (Continued)

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

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

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

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

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

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

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report
This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 2 November 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

31 Mar 2023

Paul Oxtoby (Mar 31, 2023, 12:02pm)

RSM UK AUDIT LLP
Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

Loughborough College

Independent Reporting Accountant's Report on Regularity to The Corporation of Loughborough College and The Secretary of State for Education Acting Through Education and Skills Funding Agency

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 2 November 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or those of any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Loughborough College during the period 1 August 2021 to 31 July 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

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

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

Responsibilities of Corporation of Loughborough College for regularity

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

Reporting accountant's responsibilities for reporting on regularity

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

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

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

Loughborough College

Independent Reporting Accountant's Report (continued)

Use of our report

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

RSM UK Audit LLP

31 Mar 2023

Paul Oxtoby (Mar 31, 2023, 12:02pm)

RSM UK AUDIT LLP
Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG

Loughborough College

Consolidated and College Statements of Comprehensive Income and Expenditure
Year Ended 31 July 2022

	Note	Year ended 31 July 2022 Group £'000	Year ended 31 July 2022 College £'000	Year ended 31 July 2021 Group £'000	Year ended 31 July 2021 College £'000
Income					
Funding body grants	2	27,583	27,583	26,743	26,743
Tuition fees and education contracts	3	6,533	6,533	5,608	5,608
Other grants and contracts	4	2	2	148	126
Other income	5	3,321	3,653	2,543	2,641
Investment Income	6	12	12	0	0
Total Income		**37,451**	**37,783**	**35,042**	**35,118**
Expenditure					
Staff costs	8	25,300	22,780	23,389	21,467
Other operating expenses	9	11,342	14,110	10,611	12,615
Depreciation	12	2,112	2,112	1,992	1,992
Interest and other finance costs	10	626	626	525	525
Total Expenditure		**39,380**	**39,628**	**36,517**	**36,599**
Deficit before other gains and losses		**(1,929)**	**(1,845)**	**(1,475)**	**(1,480)**
(Loss) on disposal of assets	12	(1)	(1)	(10)	(10)
Loss on investments		(1)	(1)	(3)	(3)
Deficit for the year before tax		**(1,931)**	**(1,847)**	**(1,488)**	**(1,493)**
Taxation	11	0	0	0	0
Deficit for the year		**(1,931)**	**(1,847)**	**(1,488)**	**(1,493)**
Unrealised surplus on revaluation of assets		0	0	0	0
Actuarial (deficit)/ surplus in respect of pensions schemes		28,190	28,190	(840)	(840)
Total Comprehensive (Expense)/Income for the year		**26,259**	**26,343**	**(2,328)**	**(2,333)**
Represented by:					
Unrestricted comprehensive (Expense)/Income		26,260	26,344	(2,325)	(2,330)
Restricted comprehensive income		(1)	(1)	(3)	(3)
		26,259	**26,343**	**(2,328)**	**(2,333)**

All Income and Expenditure relates to continuing activities.

Loughborough College

Consolidated and College Statements of Changes in Reserves
Year Ended 31 July 2022

	Income and Expenditure account	Revaluation reserve	Restricted permanent endowment reserve	Total reserves
	£'000	£'000	£'000	£'000
Group				
Balance at 31st July 2020	**(1,628)**	**5,117**	**278**	**3,768**
Deficit for the year from the income and expenditure account	(1,488)	0	0	(1,488)
Other comprehensive expense	(840)	0	0	(840)
Endowment investments	3	0	(3)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	**(2,274)**	**(51)**	**(3)**	**(2,328)**
Balance at 31st July 2021	**(3,902)**	**5,066**	**275**	**1,440**
Deficit for the year from the income and expenditure account	(1,931)	0	0	(1,931)
Other comprehensive expense	28,190	0	0	28,190
Endowment investments	1	0	(1)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Income/(Expense) for the year	**26,311**	**(51)**	**(1)**	**26,259**
Balance at 31st July 2022	**22,409**	**5,016**	**274**	**27,699**
College				
Balance at 31st July 2020	**(893)**	**5,117**	**278**	**4,502**
Deficit for the year from the income and expenditure account	(1,493)	0	0	(1,493)
Other comprehensive expense	(840)	0	0	(840)
Endowment investments	3	0	(3)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Expense for the year	**(2,279)**	**(51)**	**(3)**	**(2,333)**
Balance at 31st July 2021	**(3,173)**	**5,066**	**275**	**2,169**
Deficit for the year from the income and expenditure account	(1,847)	0	0	(1,847)
Other comprehensive expense	28,190	0	0	28,190
Endowment investments	1	0	(1)	0
Transfers between revaluation and income and expenditure reserves	51	(51)	0	0
Total Comprehensive Expense for the year	**26,395**	**(51)**	**(1)**	**26,343**
Balance at 31st July 2022	**23,222**	**5,016**	**274**	**28,512**

Restricted permanent endowment reserve are held with Loughborough College Educational Trust. Their object is to promote the education of persons who are under the age of 25 and are in need if financial assistance and are or have at any time been a student at Loughborough College or who are resident in the area of benefit.

Consolidated and College Balance Sheets as at 31 July 2022

	Note	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
Non Current Assets					
Tangible Fixed Assets	12	48,114	48,969	45,982	46,856
Investments	13	274	274	275	275
		48,388	**49,243**	**46,257**	**47,131**
Current Assets					
Stocks		8	8	8	8
Trade and Other Receivables	14	1,273	1,332	1,064	1,219
Cash and Cash Equivalents	20	6,732	6,525	6,460	6,103
		8,013	**7,865**	**7,532**	**7,330**
Less: Creditors – Amounts Falling Due Within One Year	16	(6,959)	(6,853)	(6,008)	(5,951)
Net Current Assets		**1,054**	**1,012**	**1,524**	**1,379**
Total Assets less Current Liabilities		49,442	50,255	47,781	48,510
Less: Creditors – Amounts Falling Due After More Than One Year	17	(20,856)	(20,856)	(19,563)	(19,563)
Provisions					
Defined Benefit Obligations	19, 25	(487)	(487)	(26,282)	(26,282)
Other Provisions	19	(400)	(400)	(496)	(496)
Total Net Assets		**27,699**	**28,512**	**1,440**	**2,169**
Restricted Reserves					
Income & Expenditure Account - Endowment Reserve		274	274	275	275
Total Restricted Reserves		**274**	**274**	**275**	**275**
Unrestricted Reserves					
Income and Expenditure Account		22,409	23,222	(3,902)	(3,173)
Revaluation Reserve		5,016	5,016	5,067	5,067
Total Unrestricted Reserves		**27,425**	**28,238**	**1,165**	**1,894**
Total Reserves		**27,699**	**28,512**	**1,440**	**2,169**

The financial statements on pages 34 to 64 were approved and authorised for issue by the Corporation and were signed on its behalf by:

[DULY SIGNED]

Stuart Lindeman
Chair of Governors

30/3/23

[DULY SIGNED]

Jo Maher
Chief Executive Officer

30/3/23

Consolidated Statement of Cash Flows
Year ended 31 July 2022

	Note	2022 £'000	2021 £'000
Cash inflow from operating activities			
Deficit for the Year		(1,931)	(1,488)
Adjustment for non-cash items			
Depreciation		2,112	1,992
(Increase)/ Decrease in Stocks		(1)	2
Increase in Debtors		(209)	(129)
Increase in Creditors Due Within One Year		941	1,790
Increase in Creditors Due After One Year		1,633	894
Decrease in Provisions		(96)	(23)
Decrease in Endowments		1	3
Pensions Costs less Contributions Payable		2,395	1,892
Adjustment for Investing or Financing Activities			
Investment Income		(12)	(0)
Interest Payable		190	184
Loss on Sale of Fixed Assets		1	9
Net Cash Flow from Operating Activities		5,024	5,126
Cash Flows from Investing Activities			
Investment Income		12	0
Payments Made to Acquire Fixed Assets		(4,245)	(2,418)
Total Investing Activities		(4,233)	(2,418)
Cash Flows from Financing Activities			
Interest Paid		(188)	(182)
Interest Element of Finance Lease Rental Payments		(2)	(2)
New Rolling Credit Facility		0	500
Repayments of Amounts Borrowed		(300)	(300)
Capital Element of Finance Lease Rental Payments		(31)	(31)
Total Financing Activities		(521)	(15)
Increase in Cash and Cash Equivalents in the Year		**271**	**2,693**
Cash and Cash Equivalents at Beginning of the Year	20	6,461	3,768
Cash and Cash Equivalents at End of the Year	20	6,732	6,461

Loughborough College

Notes to the Statements

1 Statement of accounting policies and estimation techniques

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

General information

Loughborough College is a corporation established under the Further & Higher Education Act 1992 as an English general college of further education.

The address of the College's principal place of business is given on page 2. The nature of the College's operations is set out in the Member's Report.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (FE & HE SORP 2019)*, the *College Accounts Direction for 2020 to 2021, and Regulatory Advice 9: Accounts Directions issued by the Office for Students* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, The Leicestershire College Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2022.

Reduced disclosures

In accordance with the F & HE SORP 2019 and FRS 102, the College in its separate financial statements, which are presented alongside the consolidated financial statements, has taken advantage of the disclosure exemptions available to it in respect of financial instruments.

Loughborough College

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the college has adequate resources to continue in operational existence for the foreseeable future. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements. Following the uncertainty presented by Covid 19, management has reassessed the going concern assumption and confirm that it remains appropriate based on the strong cash and net asset position, excluding long term pension liabilities, which enables it to meet its liabilities as they fall due.

The College currently has £8.825m of unsecured loans outstanding with bankers on terms negotiated in 2020. The terms of the existing agreements are for 20 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the college's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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

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

Capital grant funding

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

Fee income

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

Investment Income

All income from short-term deposits is credited to the 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.

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Leicestershire County Council Local Government Pension Scheme (LGPS)

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

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

Short Term Employment Benefits

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

Enhanced Pensions

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

Subsidiary Pension Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the existing scheme.

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Non-current Assets - Tangible fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- New buildings – 45 to 50 years
- Major refurbishments – 10 to 30 years

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

Freehold buildings are depreciated over their expected useful economic life to the College of between 45 to 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 30 years.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- technical equipment 2 to 10 years
- motor vehicles 5 years
- computer equipment 3 years
- furniture, fixtures and fittings 2 to 10 years

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

Borrowing costs

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

1 Statement of accounting policies and estimation techniques (continued)

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as an obligation under finance leases. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group 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.

1 Statement of accounting policies and estimation techniques (continued)

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover the 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.
The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of 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.

1 Statement of accounting policies and estimation techniques (continued)

Financial instruments

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

- *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statements of Comprehensive Income and Expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statements of Comprehensive Income and Expenditure.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statements of Comprehensive Income and Expenditure, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

- *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the Statements (continued)

1 Statement of accounting policies and estimation techniques (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

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 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Impairment of Fixed Assets

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

Notes to the Statements (continued)

2 Funding Body Grants

	Year Ended 31 July 2022 Group £'000	Year Ended 31 July 2022 College £'000	Year Ended 31 July 2021 Group £'000	Year Ended 31 July 2021 College £'000
Recurrent Grants				
Education and Skills Funding Agency - Adult	1,021	1,021	1,121	1,121
Education and Skills Funding Agency - 16-18	21,640	21,640	21,236	21,236
Education and Skills Funding Agency - Apprenticeships	2,421	2,421	2,124	2,124
Office for Students	388	388	338	338
Total Recurrent Grants	**25,470**	**25,470**	**24,819**	**24,819**
Specific Grants				
Education and Skills Funding Agency - Loans to Learners	288	288	357	357
Releases of Government Capital Grants	566	566	504	504
Teacher Pension Scheme grant	570	570	554	554
Provider Relief Scheme*	(13)	(13)	25	25
16 to 19 Tuition Fund	248	248	289	289
T Level Early Adopter Development Fund	0	0	140	140
Coronavirus Mass Testing grant	10	10	55	55
HTE Growth Fund	37	37	0	0
Skills Accelerator Development Fund	407	407	0	0
Total Specific Grants	**2,113**	**2,113**	**1,924**	**1,924**
Total Funding Body Grants	**27,583**	**27,583**	**26,743**	**26,743**

* Under the provider relief scheme, the corporation received a funding clawback of £12,617 from the ESFA. (2021 £25,005 was received and fully spent)

3 Tuition Fees and Education Contracts

	Year Ended 31 July 2022 Group £'000	Year Ended 31 July 2022 College £'000	Year Ended 31 July 2021 Group £'000	Year Ended 31 July 2021 College £'000
Apprenticeship Contracts	22	22	30	30
Fees for FE Loan Supported Courses	113	113	52	52
Fees for HE Loan Supported Courses	5,950	5,950	5,217	5,217
International Students Fees	448	448	309	309
Total	6,533	6,533	5,608	5,608

4a) Other Grants and Contracts

	Year Ended 31 July 2022 Group £'000	Year Ended 31 July 2022 College £'000	Year Ended 31 July 2021 Group £'000	Year Ended 31 July 2021 College £'000
Coronavirus Job Retention Scheme grant**	2	2	148	126
Total	**2**	**2**	**148**	**126**

** The corporation furloughed some staff under the government's Coronavirus Job Retention Scheme, from Catering; International administration; Commercial Nursery; Commercial Gym and Spa. The funding received of £1,857 relates to staff costs which are included within the staff costs note as appropriate. (2021 £147,610)

Loughborough College

Notes to the Statements (continued)

4b) Total Grant and Fee Income

	Year Ended 31 July		Year Ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Grant Income from OfS	388	388	338	338
Grant Income from Other Bodies	27,196	27,196	26,405	26,405
Total Grants	**27,584**	**27,584**	**26,743**	**26,743**
Fee Income from Non-Qualifying Courses (exclusive of VAT)	6,533	6,533	5,608	5,608
Total Tuition Fees and Education Contracts	**6,533**	**6,533**	**5,608**	**5,608**
Total Grant and Fee Income	**34,117**	**34,117**	**32,351**	**32,351**

5 Other Income

	Year Ended 31 July		Year Ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Catering and Residences	1,081	1,081	574	574
Other Income Generating Activities*	1,589	1,826	1,423	1,523
Non Government Capital Grants	32	32	4	4
Miscellaneous Income	619	714	542	540
Total	**3,321**	**3,653**	**2,543**	**2,641**
* College figure includes Subsidiary Undertakings of:		238		100

6 Investment Income

	Year Ended 31 July		Year Ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Other Investment Income	12	12	0	0
Total	**12**	**12**	**0**	**0**

7 Donations and Endowments

	Year Ended 31 July		Year Ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**College**	**Group**	**College**
	£'000	**£'000**	**£'000**	**£'000**
Unrestricted Donations	0	0	0	0
Total	**0**	**0**	**0**	**0**

Notes to the Statements (continued)

8 Staff Costs

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

	Year Ended 31 July		Year Ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	No.	No.	No.	No.
Teaching Staff	427	395	418	398
Non Teaching Staff	340	213	335	237
	767	**608**	**752**	**635**

Staff Costs for the Above Persons

	Year Ended 31 July		Year Ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and Salaries	17,344	15,031	16,668	14,895
Social Security Costs	1,567	1,413	1,447	1,335
Other Pension Costs	5,098	5,045	4,590	4,552
Payroll Sub Total	**24,009**	**21,489**	**22,705**	**20,782**
Contracted out Staffing Services	1,291	1,291	685	685
	25,300	**22,780**	**23,390**	**21,467**

There were no fundamental restructuring costs, contractual or non contractual, during the year. (2021 Nil)

Salary Sacrifice

The Corporation has the following salary sacrifice arrangements in place:
Child Care Vouchers, Cycle Scheme, Holiday Plus, Scottish Widows Pension Scheme

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 Executive Team which comprises the Principal and Chief Executive, Chief Financial Officer, Vice Principals, Director of Governance and Legal, Dean Of Higher Education, Director Of Estates & Sustainability, Director Of HR and Director Of Planning & MIS. Staff costs include compensation paid to key management personnel for loss of office.

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

	31 July 2022	31 July 2021
	No.	No.
The Number of Key Management Personnel Including the Accounting Officer was:	9	7

Notes to the Statements (continued)

8 Staff Costs (continued)

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

	Key management personnel		Other staff	
	Year Ended		Year Ended	
	31 July 2022 No.	31 July 2021 No.	31 July 2022 No.	31 July 2021 No.
£60,000 to £65,000 p.a.	2	0	0	1
£65,001 to £70,000 p.a.	0	2	0	0
£70,001 to £75,000 p.a.	3	1	0	0
£75,001 to £80,000 p.a.	0	0	0	0
£80,001 to £85,000 p.a.	2	3	0	0
£85,001 to £90,000 p.a.	1	0	0	0
£90,001 to £145,000 p.a.	0	0	0	0
£145,001 to £150,000 p.a.	0	1	0	0
£150,001 to £155,000 p.a.	1	0	0	0
	9	**7**	**0**	**1**

Where bandings have zero staff, they have been consolidated.

Key Management Personnel Emoluments are made up as follows:	Year Ended	
	31 July 2022 £'000	31 July 2021 £'000
Salaries- Gross of Salary Sacrifice and Waived	666	592
Social Security Costs	84	73
Benefits in Kind	0	0
	751	**666**
Pension Contributions	147	130
Total Emoluments	**897**	**796**

There were no amounts due to key management personnel that were waived in the year.

Notes to the Statements (continued)

8 Staff Costs (continued)

The emoluments on page 49 include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	Year Ended 31 July 2022 Principal and Chief Executive	Year Ended 31 July 2021 Principal and Chief Executive
	£'000	**£'000**
Salaries	153	150
Benefits in Kind	0	0
	153	**150**
Social Security Costs	21	20
Pension Contributions	36	36

The governing body adopted the HE Remuneration Code in June 2018, and assesses senior pay in line with the principles of the Code. The subsequent AoC Senior Staff Remuneration Code is based on the HE Remuneration Code, and the two Codes are broadly equivalent.
The remuneration package of key management staff, including the Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. The Chief Executive reports to the Chair of Governing Body who undertakes an annual review of their performance against the College's overall objectives using both qualitative and quantitative measures of performance.

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

	Year Ended	
	31 July 2022	**31 July 2021**
Principal's basic salary as a multiple of the median of all staff	**6.8**	**6.0**
Principal and CEO's total remuneration as a multiple of the median of all staff	**6.8**	**6.0**

Compensation for Loss of Office Paid to Former Key Management Personnel

The severance payments are approved by the College's remuneration committee and are included within the Staff Costs above. There was 1 payment totalling £22,000 in the current financial year (2021 Nil).

Notes to the Statements (continued)

9 Other Operating Expenses

	Year Ended		Year Ended	
	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Teaching Costs	4,199	4,199	3,988	3,988
Non Teaching Costs *	5,069	7,843	4,499	6,509
Premises Costs	2,074	2,068	2,124	2,118
Total	**11,342**	**14,110**	**10,611**	**12,615**

* College figure includes Subsidiary Undertakings of:		2,805		2,126

Other Operating Expenses Include:	Year Ended		Year Ended	
	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Auditors' Remuneration:				
Financial Statements Audit	50	41	51	43
Independent Assurance	17	17	22	22
Other Services Provided by the Financial Statements Auditors	4	4	0	0
Depreciation	2,112	2,112	1,992	1,992
Hire of Assets Under Operating Leases	84	84	57	57
Payments to Subcontractors and Partners	4,199	4,199	3,988	3,988

9a Office for Students, Access and Participation - College only

	Year Ended		Year Ended	
	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Access investment	62	62	62	62
Financial support to students	72	72	72	72
Disability Support	0	0	0	0
Research and evaluation	5	5	5	5
	139	**139**	**139**	**139**

Notes to the Statements (continued)

10 Interest and Other Finance Costs - Group Only

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£'000	£'000
On Bank Loans, Overdrafts and Other Loans*	188	182
	188	**182**
On Finance Leases	2	2
Net Interest on Defined Pension Liability (note 25)	436	341
Total	**626**	**525**

11 Taxation - Group Only

	Year Ended 31 July 2022	Year Ended 31 July 2021
	£'000	**£'000**
United Kingdom Corporation Tax	0	0
Provision for Deferred Corporation Tax in the Accounts of the Subsidiary Company	0	0
Total	**0**	**0**

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

12 Tangible Fixed Assets - (Group)

	Land and Buildings Freehold	Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2021	64,820	3,339	139	68,298
Additions	272	1,314	2,659	4,245
Transfers	0	0	0	0
Disposals	(133)	(57)	0	(190)
At 31 July 2022	**64,959**	**4,596**	**2,798**	**72,353**
Accumulated Depreciation				
At 1 August 2021	20,449	1,867	0	22,316
Charge for the Year	1,381	731	0	2,112
Transfers	0	0	0	0
Elimination in Respect of Disposals	(133)	(56)	0	(189)
At 31 July 2022	**21,697**	**2,542**	**0**	**24,239**
Net Book Value at 31 July 2022	**43,262**	**2,054**	**2,798**	**48,114**
Net Book Value at 31 July 2021	**44,371**	**1,472**	**139**	**45,982**

Notes to the Statements (continued)

12 Tangible Fixed Assets (continued) - (College only)

	Land and Buildings Freehold	Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 August 2021	65,359	3,321	139	68,819
Additions	254	1,314	2,659	4,227
Transfers	0	0	0	0
Disposals	(133)	(57)	0	(190)
At 31 July 2022	**65,480**	**4,578**	**2,798**	**72,856**
Accumulated Depreciation				
At 1 August 2021	20,111	1,852	0	21,963
Charge for the Year	1,381	731	0	2,112
Transfers	0	0	0	0
Elimination in Respect of Disposals	(133)	(56)	0	(189)
At 31 July 2022	**21,359**	**2,527**	**0**	**23,886**
Net Book Value at 31 July 2022	**44,121**	**2,051**	**2,798**	**48,969**
Net Book Value at 31 July 2021	**45,248**	**1,469**	**139**	**46,856**

The cost and net book value of the College's land and buildings is higher than that of the Group because in 2016, certain property owned by a previous subsidiary undertaking (that was subsequently liquidated), was transferred to the College at a cost that reflected fair value at that date. The amounts in the Group continue to reflect the original cost to the Group. In 2021/22 The Leicestershire College, a subsidiary of the College, has now began to acquire additions.

	£'000
Loughborough College Enterprises (liquidated)	(875)
The Leicestershire College	19
	(856)

The net book value of equipment includes an amount of £40,005 (2020/21 – £77,153) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £37,148 (2020/21 – £37,148).

Notes to the Statements (continued)

13 Non Current Investments - Group & College

	2022 £'000	2021 £'000
Investments in Subsidiary Companies	0	0
Other Non Current Investments	274	275
Total	**274**	**275**

The Leicestershire College Limited was set up in 2016/17 and is incorporated in England and Wales. Loughborough College holds 100% of the ordinary share capital. The registered office address is Loughborough College, Radmoor Road, Loughborough, LE11 3BT.

14 Trade and Other Receivables

	2022 Group £'000	2022 College £'000	2021 Group £'000	2021 College £'000
Amounts Falling Due Within One Year:				
Trade Receivables	374	374	204	204
Amounts Owed by Group Undertakings:				
Subsidiary Undertakings	0	59	0	155
Prepayments and Accrued Income	899	899	860	860
Amounts Owed by the ESFA	0	0	0	0
Total	**1,273**	**1,332**	**1,064**	**1,219**

Amounts owed by group undertakings are trading balances repayable on demand and are non-interest bearing.

Notes to the Statements (continued)

15 Current Investments

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Short Term Deposits	0	0	0	0
Total	**0**	**0**	**0**	**0**

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

16 Creditors - Amounts Falling Due Within One Year

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Bank Loans and Overdrafts	310	310	300	300
Obligations Under Finance Leases	31	31	31	31
Trade Payables	1,068	1,048	1,133	1,123
Other Taxation and Social Security	738	682	714	675
Accruals and Deferred Income	3,267	3,250	2,887	2,880
Holiday Accrual	42	29	(1)	(2)
Deferred Income - Capital Grants	698	698	550	550
Amounts Owed to the ESFA	805	805	394	394
Total	**6,959**	**6,853**	**6,008**	**5,951**

17 Creditors - Amounts Falling Due After More Than One Year

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
Bank Loans	5,515	5,515	5,825	5,825
Obligations Under Finance Leases	0	0	31	31
Deferred Income - Capital Grants	15,341	15,341	13,707	13,707
Total	**20,856**	**20,856**	**19,563**	**19,563**

Notes to the Statements (continued)

18 Maturity of Debt

(a) Bank Loans and Overdrafts

Bank Loans and Overdrafts are Repayable as Follows:

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
In One Year or Less	310	310	300	300
Between One and Two Years	359	359	310	310
Between Two and Five Years	988	988	988	988
In Five Years or More	4,168	4,168	4,527	4,527
Total	**5,825**	**5,825**	**6,125**	**6,125**

The current bank loan was used to refinance the indebtedness of the previous borrowers. The loan is for £6m and repayable over 20 years at 3 month SONIA (migrated from LIBOR) + 2.95% interest.
An additional bank loan of £0.5m was taken as part of a Rolling Credit Facility and was used to support ongoing capital projects. This facility is interest only until April 2023

(b) Finance leases

The net finance lease obligations to which the institution is committed are:

	31 July 2022 Group £'000	31 July 2022 College £'000	31 July 2021 Group £'000	31 July 2021 College £'000
In One Year or Less	31	31	31	31
Between Two and Five Years	0	0	31	31
In Five Years or More	0	0	0	0
Total	**31**	**31**	**62**	**62**

Finance lease obligations are secured on the assets to which they relate. The carrying value is £151,000
There are no contingent rents or subleasing arrangements.

Notes to the Statements (continued)

19 Provisions

	Group and College				
	Defined Benefit Obligations	Restructuring	Enhanced Pensions	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2021	26,282	0	496	0	26,778
Expenditure in the Period	0	0	(96)	0	(96)
Transferred from Income and Expenditure Account	(25,795)	0	0	0	(25,795)
At 31 July 2022	**487**	**0**	**400**	**0**	**887**

20 Notes to Cash Flow Statement

Analysis of Change in Net funds

Group	At 1 August 2021	Cash Flows	Other Changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	6,460	272	0	6,732
Overdrafts	0	0	0	0
	6,460	**272**	**0**	**6,732**
Bank Loans	(6,125)	300	0	(5,825)
Finance Leases	(62)	31	0	(31)
Net Funds	**273**	**603**	**0**	**876**

College	At 1 August 2021	Cash Flows	Other Changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	6,103	422	0	6,525
Overdrafts	0	0	0	0
	6,103	**422**	**0**	**6,525**
Bank Loans	(6,125)	300	0	(5,825)
Finance Leases	(62)	31	0	(31)
Net Debt	**(84)**	**752**	**0**	**669**

21 Capital Commitments

	Group and College	
	2022	2021
	£'000	£'000
Commitments Contracted for at 31 July	471	165

Notes to the Statements (continued)

22 Lease Obligations - Group and College

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

	31 July 2022 £'000	31 July 2021 £'000
Future Minimum Lease Payments Due		
Land and Buildings		
Not Later Than One Year	0	0
Later Than One Year and Not Later Than Five Years	0	0
Later than Five Years	0	0
	0	**0**
Other		
Not Later Than One Year	84	57
Later Than One Year and Not Later Than Five Years	125	97
Later than Five Years	0	0
	209	154
Total Lease Payments Due	**209**	**154**

The impact of these lease payments on the Income and Expenditure account was £84,000

23 Contingent Liabilities - Group and College

There are no events during the reporting period (2021 Nil).

24 Events after the balance sheet date - Group and College

On 30 November 2022, the Office for National Statistics reclassified all college corporations as public sector institutions and this prompted the Department for Education to introduce some new rules for colleges which will take effect during 2023

Notes to the Statements (continued)

25 Defined benefit obligations - Group and College

Total Pension Cost for the Year		**Year Ended 31 July 2021 £'000**		**Year Ended 31 July 2021 £'000**
Teachers' Pension Scheme: Contributions Paid		1,946		1,794
Scottish Widows Pension Scheme: Contributions Paid		144		108
Local Government Pension Scheme:				
Contributions Paid	1,216		1,280	
FRS 102 (28) Charge	1,959		1,551	
Charge to the Statement of Comprehensive Income		3,175		2,831
Enhanced Pension Charge to Statement of Comprehensive Income				23
Total Pension Cost for the Year		**5,265**		**4,756**

All items relate to the college other than the Scottish Widows Pension Scheme.

FRS 102 (28)

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 Leicestershire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Leicestershire County Council. The total contribution made for the year ended 31 July 2022 was £1,566,000, of which employer's contributions totalled £1,216,000 and employees' contributions totalled £350,000.

The agreed contribution rates for future years are 21.2% Y/E 31 March 2023 for employers and range from 5.5% to 12.5% for employees, depending on salary.

Loughborough College

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary:

	Year ended 31 July 2022	Year ended 31 July 2021
Rate of Increase in Salaries	3.20%	3.30%
Discount Rate for Scheme Liabilities	3.50%	1.60%
Inflation Assumption (CPI)	2.70%	2.10%
Commutation of Pensions to Lump Sums	75%	75%

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

	Year ended 31 July 2022 years	Year ended 31 July 2021 years
Retiring Today		
Males	21.50	21.70
Females	24.00	24.20
Retiring in 20 Years		
Males	22.40	22.60
Females	25.70	25.90

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

	31 July 2022		31 July 2021	
	Long-term rate of return expected	Fair Value	Long-term rate of return expected	Fair Value
		£'000		£'000
Equities	58.00%	(282)	58.00%	15,244
Bonds	31.00%	(151)	29.00%	7,622
Property	9.00%	(44)	7.00%	1,840
Cash	2.00%	(10)	6.00%	1,577
Total fair value of plan assets				**26,283**

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

	31 July 2022 £'000	31 July 2021 £'000
Fair Value of Plan Assets	45,563	41,781
Present Value of Plan Liabilities	(46,050)	(68,063)
Net Pensions Liability (Note 19)	**(487)**	**(26,282)**

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

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

	31 July 2022 £'000	31 July 2021 £'000
Amounts Included in Staff Costs		
Current Service Cost	3,175	2,831
Past Service Cost	0	0
Total	**3,175**	**2,831**
Amounts Included in Investment Income		
Net Interest Cost	436	341
	436	**341**
Amounts Recognised in Other Comprehensive Income		
Return on Pension Plan Assets	2,352	6,954
Experience Gains Arising on Defined Benefit Obligations	2,599	788
Changes in Assumptions Underlying the Present Value of Plan Liabilities	28,437	(8,582)
Amount Recognised in Other Comprehensive Income	**33,388**	**(840)**

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)
Local Government Pension Scheme (Continued)

Movement in Net Defined Benefit Liability During the Year

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Deficit in Scheme at 1 August	(26,282)	(23,550)
Movement in Year:		
Current Service Cost	(3,175)	(2,831)
Past Service Cost	0	0
Net Interest on the Defined Liability	(436)	(341)
Employer Contributions	1,216	1,280
Actuarial (Loss)/ Gain	28,190	(840)
Net Defined Benefit Liability at 31 July	**(487)**	**(26,282)**

Asset and Liability Reconciliation

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
Changes in the Present Value of Defined Benefit Obligations		
Defined Benefit Obligations at Start of Period	68,063	56,998
Current Service Cost	3,175	2,831
Past Service Cost	0	0
Interest Cost	1,110	815
Contributions by Scheme Participants	350	377
Estimated Benefits Paid	(810)	(752)
Changes in Financial Assumptions	(28,437)	8,582
Experience Gains on Defined Benefit Obligations	2,599	(788)
Curtailments and Settlements	0	0
Defined Benefit Obligations at End of Period	**46,050**	**68,063**

Reconciliation of Assets		
Fair Value of Plan Assets at Start of Period	41,781	33,448
Interest on Plan Assets	674	474
Contributions by Scheme Participants	350	377
Employer Contributions	1,216	1,280
Estimated Benefits Paid	(810)	(752)
Return on Plan Assets	2,352	6,954
Fair Value of Plan Assets at End of Period	**45,563**	**41,781**

Notes to the Statements (continued)

25 Defined Benefit Obligations - Group and College (continued)

Local Government Pension Scheme (Continued)

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 judgement, 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% and conversely a 0.5% pay increase would increase the estimated cost by 65%.

Teachers' Pension Scheme

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

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

The next valuation result is due to be implemented from 1 April 2023.

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 £1,946,000 (2021: £1,794,000).

Subsidiary Pension Scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the existing scheme.

Notes to the Statements (continued)

26 Related Party Transactions - Group only

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

The total expenses paid to or on behalf of the Governors during the year was £2,501; 4 governors (2020: £897; 4 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

The Chair of the Corporation received £6,000 remuneration from the College for undertaking the role during 2021/22 (part year). In 2020/21 the Chair of the corporation was entitled to £10,000 renumeration for undertaking the role but decided to waive her entitlement to the monies.

Loughborough College wholly owns The Leicestershire College Limited and the principal activity of the company is the provision of support services to Loughborough College.

Loughborough College is an equal joint partner in the East Midlands Institute of Technology with Loughborough University, Derby University and Derby College, which was incorporated on 16th June 2022 (Company number 14176754). There have been no related party transactions in the reporting period.

Company
Other than the transactions disclosed in the Group note above, the Company's other related party transactions were with its wholly owned subsidiary.

	Year ended	
	31 July 2022	**31 July 2021**
	£'000	**£'000**
Subsidiary Undertakings	155	232
Secondment Costs	(106)	(77)
Management Costs	10	1
Amounts Owed by Group Undertakings	**59**	**155**

27 Amounts Disbursed as Agent - Group and College

Learner Support Funds

	Year ended	
	31 July 2022	**31 July 2021**
	£'000	**£'000**
Funding Body Grants – Bursary Support	515	566
	515	**566**
Disbursed to Students	(425)	(393)
Administration Costs	(23)	(24)
Balance Underspent as at 31 July, Included in Creditors	**67**	**149**

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.