



Report & Financial Statements 2017/18

wakefieldcollege

**WAKEFIELD COLLEGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JULY 2018**

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are represented by the following in 2017/18:

Post Title	Post Holder	Date Appointed	Date of Resignation
Principal, Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Executive Director: Finance and Resources	Jason Pepper	12/06/2017	N/A
Executive Director: Quality and Planning	Sue Slassor	01/09/1991	N/A
Executive Director: Curriculum	Lisa Macdonald	01/02/2012	N/A
Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Executive Director: Human Resources and Organisational Development	Karen Sykes	30/09/2002	N/A
Executive Director: Employer Engagement and Apprenticeships	Joanne Taylor	01/01/2017	N/A
Assistant Principal: Commercial Development and External Relations	Ian Wainwright	01/08/2011	31/01/2018
Director: Higher Education	Clare Hagerup	10/09/2014	N/A
Director: Higher Education Development	Tony Rex	18/02/2002	N/A
Director: Estates	Jon Howard	04/01/2005	N/A
Clerk to Corporation	Nils Elgar	07/02/2005	N/A

Board of Governors

A full list of Governors is given on page 29 of these financial statements.

Dr N Elgar acted as Clerk to the Corporation throughout the period.

Professional Advisers

Financial Statements and

Regularity auditor:

Grant Thornton UK LLP
2 Broadfield Court
Sheffield
S8 0XF

Internal auditors:

ICCA
McLaren House
46 Priory
Queensway
Birmingham
B4 7LR

Solicitors:

Eversheds Sutherland
Bridgewater Place
Water Lane
Leeds
LS11 5DR

Insurance Brokers:

Zurich Municipal
1 East Parade
Leeds
LS1 2UA

Bankers:

Close Brothers Limited
10 Crown Place
London
EC2A 4FT

Lloyds Bank plc
2nd Floor
Lisbon House
116 Wellington Street
Leeds
LS1 4LT

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Report of the Governing Body

The members present their report and the audited financial statements for the year ended 31 July 2018.

Key Developments

- Delivered a material improvement in achievement rates for 16-18 learners at levels 1 and 3 (+3% and +8% respectively).
- Delivered a material improvement in achievement for learners enrolled on Access programmes (+6%).
- Maintained above GFE national rates for 16-18 GCSE English and maths attainment (29% grade 9-4 English compared to a national rate of 26%, 18% 9-4 Maths compared to a national rate of 16%).
- Received two Ofsted Support and Challenge visits which resulted in very positive outcomes.
- Received a visit from the FE Commissioner's Office which resulted in a very positive report which endorsed current actions.
- Achieved an overall student satisfaction rate of 89% in the National Student Survey for Higher Education, highest rated in Y&H for second year running.



Nature, Objectives and Strategy

Legal Status

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

The College's registered address is Margaret Street, Wakefield, West Yorkshire, WF1 2DH.

Mission

The College's Mission continues to be:

"Transforming lives through learning....

....by enabling young people, adults and employers to fulfil their potential"

Public Benefit

Wakefield 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 29.

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.

In delivering its mission, the College provides identifiable public benefits through the delivery of education to 7,989 students, including 153 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers and provides training to 1,018 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background .

Implementation of Strategic Plan

In July 2017 the Corporation formally approved the College's Strategic Plan for the period 1 August 2017 to 31 July 2018. The Corporation monitors performance against these plans, which are reviewed and updated each year. The College's continuing strategic objectives during this period were:

- Be known as the leading post-16 provider of high quality teaching and learning in the Wakefield District.
- Become highly regarded by our communities.
- Connect with the Wakefield District in order to raise aspirations particularly in deprived areas.
- Be the major contributor to meeting the skills needs identified by the Wakefield District's employers.
- Secure the College's long-term financial health in order to invest back into the Wakefield District.

Progress against the objectives set out in the plan for 2017/18 has been excellent with the vast majority of objectives met.

Key objectives achieved include:

- Developed and implemented a new Quality Review process, managed by the extended team of High Performance Advisors which is having a positive impact on the quality of teaching, learning and assessment.
- Developed and implemented a new 12 month Programme of Excellence to support teachers new to the College to achieve the required standards in teaching, learning and assessment.
- Made significant progress in our ambitions to promote higher level skills in the District through the official opening and first year of operation of the Advanced Skills and Innovation Centre. This flagship £7m building is already helping to raise aspirations to undertake higher level education and training within the District and address skills gaps.
- Secured the Registry of Deeds and commenced refurbishments there to provide a dedicated LLDD centre, facilities to showcase our hospitality and catering facilities and provide a base for Computing and eCommerce.
- Built on the success of our Apprenticeships Managed Service launched in 2016-17 and secured contracts with large levy payers including the police, the local authority and the NHS.

Financial Objectives

- (i) **To achieve a calculated ESFA financial health grade of at least 'good'.**

This target has been achieved. The College generated a calculated financial health grade of 'outstanding' for the year ending 31 July 2018.

The College also achieved a calculated financial health grade of 'outstanding' for the year ending 31 July 2017.

(ii) To generate at least £1.3m of cash from operating activities.

This target has not been achieved. The College generated £466,000 of cash from operating activities, in the year ending 31 July 2018.

The College generated £5.8m of cash from operating activities in the year ending 31 July 2017.

(iii) To hold at least £4.7m of cash at bank at 31 July 2018.

This target has been achieved. The College held £9.1m of cash at bank and in short term investments at 31 July 2018.

This was marginally less than the £9.7m held at 31 July 2017.

(iv) To ensure that staffing costs were no more than 72% of eligible income.

This target has not been achieved. Staffing costs were 74.6% of eligible income for the year ending 31 July 2018.

Staffing costs were 67.2% of eligible income for the year ended 31 July 2017.

(v) To achieve income diversity (non-ESFA income) of at least 20%.

This target has been achieved. The College generated 20.9% of non-ESFA income for the year ending 31 July 2018.

Income diversity was 20.5% for the year ending 31 July 2017.

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the Qualification Achievement Rate report, National Achievement Rate Tables, and the DfE Performance Tables as to compare performance in measures such as achievement rates and value added.

In addition, the Board reviews the College's performance dashboard, which contains a range of performance indicators, at each meeting. These cover the College's operations including attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence and staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates.

Of the multiple indicators, there were three that Governors kept under close scrutiny throughout the year because of their critical importance. These were student attendance, predicted pass rates and cash generation from operating activities.

Indicators that performed particularly well were retention, predicted pass rates, students undertaking work-placements and funding generated against allocations.

Financial Position

Financial Results

The College produced an operating deficit before actuarial loss or gain in respect of pension schemes in the year of £6,476,000 but, after pension service costs of £1,132,000 (2016/17: operating deficit of £717,000, after pension service costs of £1,238,000).

It should be noted that the result reported is after making an impairment provision of £5,163,000 in respect of F Block and Thornes Park. Both of these properties have been revalued in year with a view to their disposal, and so have been written down to their current market value.

The College is also in negotiation with a local charity, Penny Appeal, regarding the sale of its Thornes Park campus. This site had a net book value of £1,400,000 at 31 July 2018. It is expected that the Thornes Park site will be sold during the 2018/19 financial year at market value.

Tangible fixed asset additions during the year amounted to £1,182,000 (2016/17: £6,275,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2017/18, based on the College's management accounts, these funding bodies provided 79.1% of the College's total income (2016/17: 79.7%).

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.

Wakefield College has a separate treasury management policy in place.

The College generated £60,000 of investment income (2016/17: £92,000) excluding endowments from the management of its cash balances.

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.

A key focus of treasury management activity for the College is to ensure that resources are in place to support the property strategy and invest in other elements of the College's operations.

Cash Flows and liquidity

There was a net cash inflow on operating activities of £466,000 during the year (2016/17: £5,849,000). A key factor in the disparity between these two figures is the impact of capital funding for the ASIC project received in 2016/17.

The College's cash and investment balances stood at £9,082,000 (31 July 2017: £9,719,000). The College therefore has a reasonable base from which to consider its options for future investment.

Reserves Policy

The College has no formal reserves policy but recognises the importance of reserves in ensuring its ongoing financial stability. A key focus of the Corporation in recent years has been to ensure that the College has adequate reserves to support its core activities. The College currently has a small restricted reserve, the result of a past legacy. As at the balance sheet date, the Total Unrestricted Reserves stand at £35,710,000 (2017: £39,727,000).

As indicated elsewhere in this report, the College has both a robust treasury management policy and clear financial objectives that are focused on ensuring that it maintains sufficient resources to deliver its strategic plan.

Current and Future Development and Performance

Financial Health

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The current rating of 'outstanding' confirmed by the ESFA in March 2018 is considered an appropriate assessment.

Student Numbers

In 2017/18 the College delivered activity that produced £19,801,000 in funding body main allocation from the ESFA (2016/17 - £20,724,000). Total student numbers in year were 7,989; this includes learners funded by our main funding bodies in addition to learners funded from other sources (2016/17 – 8,275).

Students' Achievements

Overall, achievement rates have continued to increase at levels 1 and 3 for young people by 3% points and 8% points respectively). Level 2 remained static due to the impact of L2 Functional Skills Maths. Most recently published national rates indicate that we are now 3% points above NR at Level 1, 3% points below at Level 2, and 7% points above at Level 3.

For adults, achievement rates have improved at all three levels and we are now at national rate at Level 1, 5% points below at Level 2 and 1% point above at Level 3. These rates represent an increase of 5, 6 and 1% point over three years. Level 2 is again depressed by Functional Skills Maths.

Apprenticeships continue to improve with the final outturn for timely achievement at 66%, 6% points above the national rate.

HE data is not yet finalised, but 20 of 26 awards secured a pass rate of over 90%.

Curriculum Developments

The College offers a wide range of academic, vocational provision and apprenticeships responsive to local and regional needs. During the year ending 31 July 2018, a substantial majority of core curriculum areas have gained significant achievement rate improvements, and the College remains focussed on the continuous improvement of its teaching and learning. There has also been an increased focus on the achievement of high grades and improved learner progress. This has resulted in an improvement in value added performance. The following developments are worthy of note:

A-Levels

- Improved A level results (including high grades).
- A2 results improved to 96% overall achievement rate, with 18 out of 22 subjects with 100% pass rate.
- 2017-18 saw our first Access student accepted at Oxford University.
- 3 Business students won the Go Higher West Yorkshire Enterprise competition and will go to Manchester for the celebration and awards.
- A former VIP student successfully completed his A levels; achieving grade B in English and D in Media studies.



Performing Arts & Music



- Students from across the department once again presented their festival of Acting, Dance and Musical Theatre which attracted over 1,500 visitors. This included productions and performances at the Theatre Royal and Division Festival, supported by practitioners working in the industry.
- The Music Department hosted an extremely successful Industry Day with a number of fantastic speakers. The event took advantage once again of the new Advanced Skills & Innovation Centre (ASIC) building.
- Performing Arts took part in MOVE IT; the U.K.'s biggest dance and performing arts event. With over 26,500 visitors MOVE IT was an important opportunity for dancers, brands, schools and professionals to come together to perform, learn about and celebrate the very best of dance and performing arts across 3 days at ExCel, London.
- In March 2018 our Level 3 Drama students devised and performed a Prevent performance working with Richard Marsh (West Yorkshire Counter Terrorism Unit) to ensure that they fully understood both the Prevent agenda and issues of radicalisation within the Wakefield district.
- Professional Dance Masterclass workshop with Laura Amy White.
- Choreography Workshop with rep company 'Move the World'.
- Children's University Graduation Performance.
- The Music Department is finalising plans to move from Thornes to City Campus at Christmas 2018.

Media, Graphics & Photography

- Photography students linked up with Hair & Beauty at Christmas 2017 to take over an empty shop and raise money for charity offering makeovers and photos.
- Graphic Design students once again designed the Wakefield College Corporate Christmas Card.
- A Level 3 Games Design student was headhunted to work for a local high profile games company.

Art & Design

- Wakefield College students studying on the Extended Diploma in Fashion and Textiles presented an amazing collection of garments which remained on show at The Ridings.
- All Art, Textiles Foundation, Access & Graphic Design students took advantage of the Archive of Deeds building as a new exhibition space before its redevelopment for their end of year show.
- Continued strong links with the Art House allowing students to use Ceramic Kiln facilities and interact with local artists.
- Live project brief Mural design for the Animal Care department.
- Textiles students worked with West Yorkshire History Centre to celebrate the 100-year anniversary of Pauper Lunatic Asylum.



Creative & Digital Arts

- An interim Head of Department was appointed.
- New qualifications were launched through a move to UAL Exam Board.

Animal Care and Horticulture

- Students enjoyed an EU Erasmus work placement at APE – Ape Sanctuary in Amsterdam (including work placement / industry update for one of our lecturers).
- The number of Horticulture apprentices continued to grow, with 12 enrolled this year.
- The successful launch of our own Level 3 Animal Management course, with 22 students enrolled on year 1. This course was previously offered by Askham Bryan College in partnership with Wakefield College.
- Successful introduction of a skilled-based additional Level 2 route for less able students (22 new students for 2018/19).
- Successful new partnership with Whirlow Hall Farm Trust in Sheffield where all animal care Level 3 students will complete practical work with large animals.
- 'The Ridings' Shopping Centre's roof garden project with Horticulture students (social enterprise project).

Hair and Beauty

- 16 students took over an empty hair dressing salon at The Ridings Shopping Centre for 3 days and provided hair, beauty and make up services to local customers.
- High-profile employers provided workshops for hair students, including L'Oreal and Eve Taylor.

Hospitality and Catering

- 10 students spent four weeks at the five-star Hilton Holidays Resort in St Julian, Malta as an EU Erasmus work placement.
- The Executive Chef and sous chefs from the four-star Oulton Hall Hotel took part in the synoptic tests of Level 2 and 3 Professional Catering students on new Technical Diplomas.
- Successful partnership with Springboard – providing a range of work placement for our students, and are delivering free 3 ½ days of employment skills to our students – leading to certification of Food Safety and Health and Safety qualification, free of charge, and outside of study programme footprints.

- The HR Manager from Hilton Hotel Leeds has visited all Hospitality and Catering students in 2017-18 to provide interview technique training.
- A successful bid to the Savoy Hotel in London won the College £20,000 of catering equipment. This included £5,000 of barista equipment, allowing to start Barista courses in 2018-19.

Business School

- Developed a successful new partnership with the Chartered Management Institute.

Sport

- The college Rugby Team became National League Champions and National Cup winners.
- Two members of the Rugby team were recognised for their achievements by the Rugby Football League and were presented their awards during Magic weekend at Newcastle.
- One Student has been signed as a full-time professional Rugby Player by Wakefield Trinity. He is nevertheless continuing with the second year of his programme at the College.
- One student was signed during his last year by a professional cycling team and left college at the end of his course to become a full-time professional cyclist.



Public Services

- Led a 10 day skiing residential to Austria.

Construction

- The department improved the quality of teaching and learning from 75% good or better in 2016-17 to 84% good or better in 2017-18. Workshop teaching was in the main identified as outstanding.
- Overall achievement in the department was 88.9% against a national average of 83.4%. For the 16-18 cohort at Level 3 the department secured a strong grade 1 profile with an achievement rate 14% above the national average.
- All full-time learners within the department participated in a design project for The Ridings Shopping Centre.
- Site Visits with various developers including Keepmoat Homes and Engie.
- An increased number of learners across the department progressed to apprenticeships including both Level 4 higher apprenticeships with Engie and Arcadis and a Level 6 higher apprenticeship with Arcadis.

Care & Early Years

- The Department continued to foster a working relationship with Wakefield District Council Early Years Development Team and with local childcare providers to ensure learners gain relevant skills.
- High numbers of A* - B grades were achieved by Level 3 Early Years and Health and Social Care students in NCFE CACHE externally controlled assessments year 1 and year 2 . Our students gained two of only 3 A* grades nationally.
- A successful two-week placement for 8 learners in Forest schools in Falun, Sweden. Learners undertook a collaborative 'traditional stories' task which was shared with Swedish college students. The Head of Curriculum taught in the Swedish college, and our learners shared their experience of the UK Early Years Foundation Stage curriculum.

Automotive Studies

- Continued success with our Yamaha partnership, resulting in tutor Ian Smith achieving the Yamaha Silver Technicians Award, following CPD training in Holland sponsored by Yamaha.
- Awarded Showcase Centre Status by awarding body ABC Awards.
- Continued partnership with Halfords, with all level 3 student being given the opportunity to carry out work placements in their service

centres, resulting in eight students gaining fulltime employment. Also, the donation of a Vauxhall Corsa for students to work on.

- New sponsorship from car dealership MotorPoint, which donated three cars to the automotive department.
- Following student work placements with car dealership JTC600, a level 2 student successfully gained an apprenticeship.
- The launch of Bike Night by staff and students. This event attracted approximately 100 visitors, resulting in seven applications, three enrolments and one apprentice. It also led to the donation of a bike engine from local employer Not Your Average Bikes, with the offer of work placements for Level 2 and 3 students.



Engineering

- Two Welding apprentices made it through to the national Welding competition semi-finals at two separate events in Grimsby and Wrexham. Tyler Pickard, Level 3 Apprentice at Production Park, South Kirkby, came second in his heat and Brian Fisher, Level 3 Apprentice at B.A. Fisher Ltd, Harrogate, came first in his heat. Brian will now represent Wakefield College at the national final in November at Birmingham's NEC. The national winner will have the opportunity of representing GB at World Skills Olympics.
- The welding department has successfully achieved Centre of Excellence status from The Welding Institute (TWI), resulting in it being awarded a Coded Welding approved centre.

Alternative Curriculum

- 40 students from VIP (57%) progressed onto mainstream programmes at Wakefield College in 2017/18 compared with 27 students (54%) in 2016/17.

Additional Learning Support

- SENDCo's engaged in effective multi-agency working with local authorities regarding consultations and the review of individual Education Health & Care Plans.
- The College continued to be actively involved in and represented on the Wakefield Local Authority SEND board, including curriculum and quality working groups.
- College SENDCo's continued to engage effectively with Local Authority Learning Support Services.

Computing

- Overall achievement rate of 97.1% in 2017/18, an increase of 8% on 2016/17.
- Highest ever achievement rates for High Need Learners on Entry 3 Vocational Studies, Level 1 DiDA and Level 2 IT.
- New facilities to showcase the computing area and teaching facilities purpose built for teaching of IT.
- 8 out of 11 courses gained 100% achievement.
- Achievement of Level 1 DiDA up by 16% from 16/17, with best value added grades achieved since the introduction of this course.
- Two students participated in the Sky work placement programme, with one student now completing an apprenticeship with Sky.
- Close contact with local company Bellingham IT, which has offered paid part-time work, work experience and progressive apprenticeship opportunities to students outside of College hours.
- Children's University provision offering Code Club to years 4, 5 and 6. 15 pupils with regular attendance from local primary schools.

Business

- A Level 1 Business student progressed to Access to HE: Business at the college and gained Distinction on his Level 3 Sub-Diploma Business.
- Achievement of 90 Credit Business up by 16.6% from 2016/17.
- A very successful German Exchange event where 9 German students infilled into Business and Travel lessons and activities.
- Students who completed work experience with Debenhams now have part-time employment.

Travel & Tourism

- 10 students successfully completed work placement in a ski resort in Italy for 16 days through the Erasmus project. This will be repeated in 2018/19.
- Progression of 10 students to HNC Travel Management from various Travel courses.
- Two students worked for Alfresco Holidays and gained full-time employment after their studies through the links developed via College.
- Academic visits to Leeds Beckett University with associated opportunities to network with employers and representatives from other HE establishments.
- One student now working full-time as a travel agent in Thomas Cook in the Trinity Shopping Centre.
- One student gained employment as a member of British Airways Cabin Crew.
- All Air Cabin Crew students participated in Thomas Cook Air Emergency Training at Manchester Airport.
- Oulton Hall Hotel offered part-time employment to all Travel students who completed work experience with them.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the financial year under review the College paid 92.7% of its invoices within 30 days (2016/17– 93.9%). The College incurred no interest charges in respect of late payment for this period.

Future Prospects

The College has agreed total funding body income of £18.2m for the 2018/19 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £298,000 for the same period.



The College expects to undergo an OFSTED inspection during the 2018/19 financial year.

The scale and breadth of both apprenticeship and higher education provision delivered by the College has grown in recent years, and this trend is expected to continue for the foreseeable future. The opportunities presented by the Advanced Skills Innovation Centre (ASIC) and the apprenticeship levy are likely to be key drivers for growth.

The College will continue to develop its estate to ensure it provides high quality teaching and learning infrastructure that is both flexible and efficient. As part of this the Registry of Deeds, which was acquired in 2017, will be redeveloped in 2018/19. Negotiations are currently underway to dispose of both our F Block site and Thornes Park campus, and it is expected that both will be sold within the next year.

The operating environment for further education colleges is expected to remain challenging for the foreseeable future. Like many other FE

colleges, Wakefield College faces reduced levels of funding for classroom-based provision, increased pension and other operating costs, and high levels of competition. Although there will be an increase in the volume of school leavers across the Wakefield District over the next few years, the college will face additional competition from the new CAPA College campus due to open on Mulberry Way in 2020.

The College is responding positively to these challenges and in considering the strategies to be employed in addressing them, members have no concerns about the College's continued ability to be a successful provider of learning to its communities, nor about its ability to adequately resource. The College has a reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this report, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the College has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

Resources

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

- Tangible resources include the College campuses at Thornes Park, Castleford and Wakefield City Centre.
- The College has £50.5m of tangible assets.
- Full time equivalent staff paid in year amounted to 561, of which 400 were teaching related.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

Principal risks and uncertainties

The College's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The College has well-established systems of internal control including financial, operational and risk management, which are designed to protect the College's assets and reputation. The key elements of the College's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 28.

The College's risk environment is monitored regularly by College managers, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the College are outlined below. Not all of these factors are within the College's control.

- The increasingly competitive environment for recruitment of 16-18 year olds, HE students and for the delivery of training to employers (particularly apprenticeships).
- The extent to which the College can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of managers to control costs in a difficult economic environment.
- The impact of government policy on various aspects of our operations and our funding, e.g. qualification reforms, Adult Learning Loans, apprenticeship reforms and devolution of adult funding.
- The ability of the College to finance its estate renewal programme.

Our response to the risks has been:

- to expand collaborative provision and continue to invest in high quality infrastructure;
- to develop an increasing understanding and awareness of local economic drivers and skills needs, and to target major local employers;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses, and offered appropriate opportunities to progress;
- to review curriculum footprints and refresh the curriculum, particularly our offer to adults;
- to review our operations to ensure efficiency, effectiveness and value for money, and;
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the College's vision, mission and values.

Relationship with our partners, stakeholders and communities

In common with other colleges and universities, Wakefield College contributes to and benefits from a broad range of important relationships. These include those with:

- students;
- parents or carers of students;
- staff;
- education sector funding bodies;
- local employers;
- local authorities;
- Local Enterprise Partnership (LEP);
- the local community;
- other FE institutions, local schools and universities;
- 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.

The College is aware of several issues which may impact on future funding, including apprenticeship and technical/vocational education reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, has developed a strategy for growth in response to the devolution agenda and to the apprenticeships reform.



Equality

Wakefield College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.

The College's Equality and Diversity Policy Statement is published on the College's website, along with a corresponding set of Equality Objectives and Datapack. Wakefield College is committed to helping achieve equality for all learners, staff and other College users, and aims to ensure that all learners, whatever their background, have the opportunity to benefit from excellent and inspirational educational opportunities.

The College considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

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

Disability Statement

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

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the College can make available for use by students with disabilities.
- The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.

- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The College has signed up to the Ambitious about Autism Charter.

Trade union facility time

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

Numbers of employees who were relevant period	FTE employee number
2	1.29

Percentage of time	Number of employees
0%	
1-50%	2
51-99%	
100%	

Total cost of facility time	£1,810
Total pay bill	£16,788,429
Percentage of total bill spent on facility time	0.010%

Time spent on paid trade union activities as a percentage of total paid facility time	5.39%
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In preparing the accounts it is noted that the total pay bill costs above are understated by £1,536,093 as one month's data was omitted from this calculation, the % time remains at 0.01%.

Events after the Reporting Period

The College has operated a Post 16 Centre at Crofton Academy since 2014. This building is the property of Wakefield College, and it had a net book value of £720,997 at 31 July 2018.

The College is in negotiation with Crofton Academy regarding the transfer of ownership of the Post 16 Centre building to the Academy. It is anticipated that this disposal will take place during the 2018/19 financial year, and that the College will receive an appropriate consideration in return.

The College is also in negotiation with a local charity, Penny Appeal, regarding the sale of its Thornes Park campus. This site had a net book value of £1,400,000 at 31 July 2018. It is expected that the Thornes Park site will be sold during the 2018/19 financial year at market value.

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 11 December 2018 and signed on its behalf by:

Paul Campbell
Chair of Corporation



Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2017 to 31 July 2018 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); and
- ii. having due regard to the UK Corporate Governance Code (“the Code”) insofar as it is applicable to the further education sector.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2018. The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in August 2017.

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.

Members who served the Corporation since 1 August 2017

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

Name	Date Appointed Re-appointed	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance All Meetings
Kieran Audsley	Oct 17	7 months	Jun 18	Student	-	2/4 (Board)
Georgia Burn	Dec 17	6 months	Jun 18	Student	-	1/4 (Board)
David Caddies	Jan 14	4 years	Sep 17	External	Remuneration	0/0 (Board) 0/0
Paul Campbell (Chair)	Jul 09/ Jul 13/ Jul 17	18 months	-	External	Remuneration Search	5/6 (Board) 1/1 3/3
Pariajeet Chahal	Jul 18	1 year		Student	-	1/1 (Board)
Emma Elvin	Jul 16	4 years	-	External	Audit	6/6 (Board) 3/3
Dmitry Fedotov	Jul 17	4 years	-	External	Audit Remuneration	4/6 Board 1/1 1/1
Karen Hands	Jul 17	4 years	-	External	Audit	5/6 (Board) 2/2
Patrycja Kopaczewska	Jul 18	1 year		Student	-	1/1 (Board)
Eunice Ma	Feb 17	4 years	-	External	Remuneration	5/6 (Board) 1/1
Andrew McConnell (Vice Chair)	Oct 06/ Oct 10/ Oct 14/ Jan 17	2 years	-	External	Audit Remuneration Search	6/6 (Board) 1/1 1/1 3/3
Debbie Moss	Jul 15	4 years	-	Staff	-	5/6 (Board)
Leanne O'Rourke	Oct 18	4 years	-	Staff	-	0/0 Board
Rebecca Osborne	Jul 17	4 years	Dec 18	External	-	2/2 (Board)
Ian Parsons	Dec 15 Jan 17	3 years	-	External	Audit	4/6 (Board) 3/3
Andy Wallhead	May 11/ May 15	4 years	-	External	Audit Search	5/6 (Board) 1/1 1/2
Jane Walton	Oct 09/ Oct 13	4 years	Oct 17	External	Remuneration Search	1/1 (Board) 0/0 0/0
Andrew Watts	Nov 14	4 years	Jun 18	Staff	Audit	4/5 (Board) 2/2
Tony Williams	Jul 17	4 years	Feb 18	External	Audit	1/3 (Board) 0/0
Sam Wright	Mar 11	n/a	-	Principal	Search	6/6 (Board) 3/3

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 for example health and safety and environmental issues.

The Corporation meets at least twice each term and some of its business is conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website:

<http://www.wakefield.ac.uk/about-us/governance>.

or from the Clerk to the Corporation at:

Wakefield College
Margaret Street
Wakefield
West Yorkshire
WF1 2DH

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

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Principal and Accounting Officer and Staff/Student members. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Corporation performance

A self-assessment of the Corporation's performance is undertaken on an annual basis and covers multiple facets of governance. In 2016/17, this included:

- The College's substantive compliance against the English Colleges' Code of Good Governance.
- A review of the Corporation's governance arrangements.
- Governor attendance at meetings which, at 82%, remains above the informal sector benchmark.
- Key themes arising from the appraisal of the Chair of Governors in 2018 includes:
 - (i) encouraging a balance of contributions by Governors at Board meetings;
 - (ii) ensuring Board agendas address the key strategic issues facing the College;
 - (iii) succession planning for the Vice Chair role;
 - (iv) ensuring governance self-assessment is robust and delivering improving outcomes;
 - (v) improving Governor effectiveness.
- Audit Committee Annual Report, which concluded that the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness are both adequate and effective.

Remuneration Committee

The Remuneration Committee comprises four members. The Committee's responsibilities are to make recommendations to the Board on the specific remuneration and benefits packages of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2018 are set out in Note 8 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Corporation.

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

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

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

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

Internal Control

Scope of Responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between

Wakefield College and the funding bodies. She 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 the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Casterbridge College for the year ended 31 July 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2018 and up to the date of approval of the annual report and accounts. The Audit Committee acts as the Risk Committee and this process is regularly reviewed by the Corporation.

The Internal Control and Risk Management Framework

The College encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the College; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and, manage risk in accordance with best practice. The framework continues to evolve and enables the College to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;
- a strategic and financial planning and budgeting cycle involving staff at all levels of the College in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which

have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;

- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the College's strategic objectives and management of key risks;
- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high-profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- a human resources and organisational development strategy designed to meet the needs of the College in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the College and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Executive Team.

The College has an Internal Audit Service (IAS) which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2016 to 2017 and submits regular reports, which include their independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the College's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved by the Board. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

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

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

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

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Executive Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2018 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2018.

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

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review.

The College's financial plan shared with the Education and Skills Funding Agency in July 2018 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next three years. Financial plans will continue to be reviewed and tested.

Approved by order of the members of the Corporation on 11 December 2018 and signed on its behalf:



Paul Campbell
Chair of Corporation



Sam Wright
Accounting Officer



Statement of Regularity, Propriety and Compliance

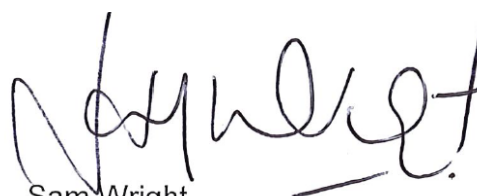
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's grant funding agreement and contracts with ESFA. As part of our consideration we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



Paul Campbell
Chair of Corporation



Sam Wright
Accounting Officer



Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report, which describes what it is trying to do and how it is trying to achieve it, including the legal and administrative status of the College.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college 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 maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the 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 by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. 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 economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 11 December 2018 and signed on its behalf by:

Paul Campbell
Chair of Corporation



Independent Auditor's Report to the Corporation of Wakefield College

Opinion

We have audited the financial statements of Wakefield College (the College) for the year ended 31 July 2018 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet, Statement of Cash Flows and notes to the financial statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018 and of the deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

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

Who are we reporting to

This report is made solely to the College's Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 2 to 39 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the College; or
- the College annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of Responsibilities of the Corporation set out on page 38, the College's 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 are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Peter Edwards



Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

SHEFFIELD

Date: 18 December 2018

Reporting Accountant's Assurance Report on Regularity

To the corporation of Wakefield College and Secretary of State for Education acting through Education and Skills Funding Agency ('the ESFA')

In accordance with the terms of our engagement letter dated 10 May 2018 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Wakefield during the period 1 August 2017 to 31 July 2018 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ('the Code') issued by ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Wakefield College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Wakefield College and ESFA those matters we are required to state in a limited assurance 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 Wakefield College, as a body, and ESFA, as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Wakefield College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 have not been applied to purposes

intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2017 to 31 July 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP
Chartered Accountants
Sheffield

Date: 18 December 2018

Grant Thornton UK LLP

Statement of Comprehensive Income

	Notes	Year ended 31 July 2018 £000s	Year ended 31 July 2017 £000s
INCOME			
Funding body grants	2	20,929	22,075
Tuition fees and education contracts	3	4,339	4,535
Other grants and contracts	4	245	111
Other income	5	629	326
Investment income	6	60	92
Donations and Endowments	7	1	1
Total income		26,203	27,140
EXPENDITURE			
Staff costs	8	20,040	18,964
Fundamental restructuring costs	8	106	146
Other operating expenses	9	4,824	6,265
Depreciation	11	2,291	2,120
Impairment of Fixed Assets	11	5,163	-
Interest and other finance costs	10	255	362
Total expenditure		32,679	27,857
Deficit before other gains & losses		(6,476)	(717)
Actuarial gain in respect of pensions schemes	23	2,459	6,379
Total Comprehensive Income for the year		(4,017)	5,662

All of the above activities relate to continuing operations.

The notes on pages 49 to 71 form part of these financial statements.

Statement of Changes in Reserves

	Restricted Reserve £000s	Income and expenditure account £000s	Revaluation reserve £000s	Total £000s
Balance at 1 August 2016	42	20,069	13,996	34,107
Deficit from the income and expenditure account	(1)	(717)	-	(718)
Other comprehensive income	-	6,379	-	6,379
Transfers between revaluation and income and expenditure reserves	-	588	(588)	-
Total comprehensive income for the year	(1)	6,250	(588)	5,661
Balance at 31 July 2017	41	26,319	13,408	39,768
Deficit from the income and expenditure account	-	(6,476)	-	(6,476)
Other comprehensive income	-	2,459	-	2,459
Transfers between revaluation and income and expenditure reserves	-	4,680	(4,680)	-
Total comprehensive income for the year	-	663	(4,680)	(4,017)
Balance at 31 July 2018	41	26,982	8,728	35,751

The notes on pages 49 to 71 form part of these financial statements.

Balance Sheet as at 31 July

	Notes	2018 £000s	2017 £000s
Non-current assets			
Tangible fixed assets	11	50,506	56,778
Endowments	12	41	41
		50,547	56,819
Current assets			
Trade and other receivables	13	885	784
Investments	14	6,750	8,100
Cash and cash equivalents	18	2,332	1,619
		9,967	10,503
Less: Creditors – amounts falling due within one year	15	(5,726)	(6,257)
Net current assets		4,241	4,246
Total assets less current liabilities		54,788	61,065
Creditors – amounts falling due after more than one year	16	(7,321)	(8,122)
Provisions			
Defined benefit obligations	17	(8,276)	(9,584)
Other provisions	17	(3,440)	(3,591)
Total net assets		35,751	39,768
Restricted reserves:			
Walshaw Fund		41	41
Unrestricted Reserves			
Income and expenditure account		26,982	26,319
Revaluation reserve		8,728	13,408
Total unrestricted reserves		35,710	39,727
Total reserves		35,751	39,768

The financial statements on pages 45 to 71 were approved and authorised for issue by the Corporation on 11 December 2018 and were signed on its behalf on that date by:


Paul Campbell
Chair


Sam Wright
Accounting Officer

Statement of Cash Flows

	Notes	2018 £000s	2017 £000s
Cash flow from operating activities			
Deficit for the year		(6,476)	(717)
Adjustment for non-cash items			
Depreciation/impairment		7,454	2,120
(Increase)/decrease in debtors		(101)	125
(Decrease)/increase in creditors due within one year		(546)	1,158
(Decrease)/increase in creditors due after one year		(823)	2,142
Decrease in provisions		(151)	(143)
Pension costs less contributions payable		914	894
Adjustment for investing or financing activities			
Investment income		(60)	(92)
Interest payable		255	362
Net cash flow from operating activities		466	5,849
Cash flows from investing activities			
Disposal of non-current asset investments		60	92
New deposits		1,350	(2,250)
Payments made to acquire fixed assets		(1,182)	(6,275)
		228	(8,433)
Cash flows from financing activities			
Interest paid		(18)	(18)
New unsecured loans		37	-
Repayments of amounts borrowed		-	(64)
		19	(82)
Increase/(decrease) in cash and cash equivalents in the year		713	(2,666)
Cash and cash equivalents at beginning of the year	18	1,619	4,285
Cash and cash equivalents at end of the year	18	2,332	1,619

Notes to the Financial Statements for the Period 1 August 2017 to 31 July 2018

Statement of accounting policies and estimation techniques

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2017 to 2018 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 modified by the revaluation of certain fixed assets.

Going Concern

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

The College has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review.

The College's financial plan shared with the Education and Skills Funding Agency in July 2018 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2020.

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

Recognition of Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. 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 HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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.

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 method 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 Statement of Comprehensive Income in the period in which it is earned on a receivable basis.

Agency Arrangements

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

West Yorkshire 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 the 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 Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible Fixed Assets

Tangible fixed assets, including land and buildings inherited from the local education authority, are stated at 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 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 5 and 44 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 2014, as deemed cost but not to adopt a policy of revaluation 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 it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

Equipment

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

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

- motor vehicles – 5 years
- computer equipment – 3 years
- other equipment – 3 years
- furniture, fixtures and plant – from 5 to 15 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 the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income.

Heritage Assets

Heritage Assets are works of art and other valuable artefacts, held principally for their contribution to knowledge and culture rather than for the College's operational use. Heritage assets acquired since July 2003 and valued over £12,925 have been capitalised and recognised at the cost of acquisition.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

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.

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 are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost

and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of expenses as appropriate and to the cost of tangible fixed assets, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when;

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

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

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

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

Judgements in applying accounting policies 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 tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 to value the pensions liability at 31 July 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Grants

	Year ended 31 July 2018 £000s	Year ended 31 July 2017 £000s
Recurrent grants		
Education and Skills Funding Agency - adult	1,387	2,058
Education and Skills Funding Agency – 16-18	16,347	16,792
Education and Skills Funding Agency - apprenticeships	2,067	1,841
Higher Education Funding Council	330	468
Specific Grants		
Education and Skills Funding Agency - Other	81	206
Releases of government capital grants	268	180
Local Education Authorities	449	530
Total	20,929	22,075

£21,000 included above within Education & Skills Funding Agency – adult grant of £1,387,000 excludes payments to partner organisations. Total income claimed in the year and the related payments to partners was as follows:

	2018 £000s	2017 £000s
Education and Skills Funding Agency - recurrent grant	106	10
Payments to non-College partners	(85)	(8)
Total	21	2

3 Tuition Fees and Education Contracts

	2018 £000s	2017 £000s
UK Higher education students	2,707	2,609
UK Further Education students	1,249	1,410
Apprenticeship Fees	62	97
International students fees	43	90
Total fees paid on behalf of individual students	4,061	4,206
Education contracts	114	169
Apprenticeship contracts	164	160
Sub Total	278	329
Total	4,339	4,535

4 Other Grants and Contracts

	2018	2017
	£000s	£000s
European Commission	72	35
Other grants and contracts	173	76
Total	245	111

5 Other Income

	2018	2017
	£000s	£000s
Other government capital grants	367	89
Miscellaneous income	262	237
Total	629	326

Included in miscellaneous income above is the amount released as shown in Note 15.

6 Investment Income

	2018	2017
	£000s	£000s
Other investment income	60	92
Total	60	92

7 Donations

	2018	2017
	£000s	£000s
Unrestricted donations	1	1
Total	1	1

8 Staff Costs

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

	2018 No	2017 No
Teaching Staff	242	231
Student Support	158	145
Non-teaching Staff	161	154
	561	530

Staff costs for the above persons

	2018 £000s	2017 £000s
Wages and salaries	15,163	14,433
Social security costs	1,280	1,171
Other pension costs	3,031	2,793
Payroll sub total	19,474	18,397
Contracted out staffing services	566	567
Total	20,040	18,964
Fundamental restructuring costs – Contractual	106	146
Total Staff costs	20,146	19,110

A 1% unconsolidated pay award was made to all staff in year, including key management personnel.

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 individuals listed earlier (page number 2) in these financial statements.

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

	2018 No	2017 No
The number of key management personnel including the Accounting Officer was:	12	14

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:

	2018 No	2017 No
£10,001 to £20,000 p.a.	-	1
£20,001 to £30,000 p.a.	-	1
£30,001 to £40,000 p.a.	1	2
£40,001 to £50,000 p.a.	2	1
£50,001 to £60,000 p.a.	2	3
£60,001 to £70,000 p.a.	3	5
£70,001 to £80,000 p.a.	2	-
£90,001 to £100,000 p.a.	1	-
£130,001 to £140,000 p.a.	1	1
Total	12	14

There were no other staff, other than key management personnel listed on page 2, who received emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

Key management personnel emoluments are made up as follows

	2018 £000s	2017 £000s
Salaries	800	785
Employers National Insurance	96	94
	896	879
Pension contributions	121	119
Total emoluments	1,017	998

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

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

	2018 £000s	2017 £000s
Salaries	132	131
Benefits in kind	-	-
Pension contributions	22	22
Total emoluments	154	153

Compensation for loss of office paid to former key management personnel

	2018	2017
	£000s	£000s
Compensation paid to the former post-holder - contractual	17	11

The severance payment was approved by a committee authorised to do so by the College's Board of Governors.

9 Other operating expenses

	2018	2017
	£000s	£000s
Teaching costs	2,120	2,133
Non – teaching costs	1,352	2,022
Premises costs	1,352	2,110
Total	4,824	6,265

Other operating expenses include:

	2018	2017
	£000s	£000s
Auditors' remuneration:		
Financial statements audit	18	19
Internal audit	11	14
Other services provided by the internal auditors	2	-
Hire of assets under operating leases	43	32

10 Interest and other finance costs

	2018	2017
	£000s	£000s
On bank loans, overdrafts and other loans	18	18
Pension finance costs (note 23)	237	344
Total	255	362

11 Tangible fixed assets

	Land and Buildings			Assets in the course of	
	Freehold	Long Leasehold	Equipment	construction	Total
	£000s	£000s	£000s	£000s	£000s
Cost or valuation					
At 1 August 2017	59,097	1,100	6,420	659	67,276
Additions	-	-	771	411	1,182
Transfers	-	-	-	-	-
Disposals	-	-	(937)	-	(937)
At 31 July 2018	59,097	1,100	6,254	1,070	67,521
Depreciation					
At 1 August 2017	4,731	296	5,471	-	10,498
Charge for the year	1,720	65	506	-	2,291
Impairment	5,163	-	-	-	5,163
Elimination in respect of disposals	-	-	(937)	-	(937)
At 31 July 2018	11,614	361	5,040	-	17,015
Net book value at 31 July 2018	47,483	739	1,214	1,070	50,506
Net book value at 31 July 2017	54,366	804	949	659	56,778

During the year F Block and Thornes Park sites have been impaired by £5,163,000. The properties are expected to be sold in the year ended 31 July 2019. The properties have been impaired to estimated market value.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£000s
Cost	63,278
Aggregate depreciation based on cost	(16,942)
Net book value based on cost	46,336

12 Endowments

	2018	2017
	£000s	£000s
Endowments	41	41
Total	41	41

13 Trade and other receivables

	2018	2017
	£000s	£000s
Amounts falling due within one year:		
Trade receivables	147	141
Prepayments and accrued income	455	531
Amounts owed by the Education & Skills Funding Agency	283	112
Total	885	784

14 Current Investments

	2018	2017
	£000s	£000s
Short term deposits	6,750	8,100
Total	6,750	8,100

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

15 Creditors: amounts falling due within one year

	2018	2017
	£000s	£000s
Other loans	515	500
Trade payables	150	352
Payments received in advance	1,275	1,662
Other taxation and social security	474	600
Accruals and deferred income	2,279	2,607
Deferred income – government capital grants	635	380
Amounts owed to the Education & Skills Funding Agency	398	156
Total	5,726	6,257

A loan £500,000 was received in the 2015 financial year from Crofton Academy to support the construction of the Wakefield College Post 16 Centre on the Crofton Academy site. The provision of the loan and the erection of the Post 16 Centre are part of the Partnership Agreement between the two institutions. It is anticipated that the Partnership Agreement will be terminated during the financial year ending 31 July 2019, that ownership of the Post 16 Centre will pass to Crofton Academy, and that the College will receive an appropriate consideration in respect of this.

The other loan balance at 31 July 2018 relates to a new energy efficiency loan in year totalling £36,798 and repayable by instalments falling due between 1 October 2018 and 1 April 2023. This loan is unsecured and attracts no interest.

16 Creditors: amounts falling due after one year

	2018	2017
	£000s	£000s
Deferred income – government capital grants	7,299	8,122
Other loans	22	-
Total	7,321	8,122

17 Provisions

	Defined benefit obligations £000s	Enhanced pensions £000s	Other £000s	Total £000s
At 1 August 2017	9,584	3,591	-	13,175
Expenditure in the period	1,151	(151)	-	1,000
Transferred from income and expenditure account	(2,459)	-	-	(2,459)
At 31 July 2018	8,276	3,440	-	11,716

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

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies

The principal assumptions for this calculation are:

	2018	2017
Price inflation	1.00%	1.00%
Discount rate	2.30%	2.30%

18 Cash and cash equivalents

	At 1 August 2017 £000s	Cash flows £000s	Other changes £000s	At 31 July 2018 £000s
Cash and cash equivalents	1,619	713	-	2,332
Total	1,619	713	-	2,332

19 Capital and other commitments

	2018 £000s	2017 £000s
Commitments contracted for at 31 July	6,444	285

£6,216,000 of the capital commitments at 2018 relate to the contract awarded for the refurbishment of the Archive of Deeds. The purchase and fee costs to date for the Archive of Deeds are included in Note 11 – Assets in the course of construction.

20 Lease obligations

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

	2018 £000s	2017 £000s
Future minimum lease payments due		
Other		
Not later than one year	46	18
Later than one year and not later than five years	141	35
Total	187	53

21 Contingent liabilities

The College has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the College must ensure that it continues to meet the conditions of these grants in future years.

22 Events after the reporting period

The College has operated a Post 16 Centre at Crofton Academy since 2014. This building is the property of Wakefield College, and it had a net book value of £720,997 at 31 July 2018.

The College is in negotiation with Crofton Academy regarding the transfer of ownership of the Post 16 Centre building to the Academy. It is anticipated that this disposal will take place during the 2018/19 financial year, and that the College will receive an appropriate consideration in return.

The College is also in negotiation with a local charity, Penny Appeal, regarding the sale of its Thornes Park campus. This site had a net book value of £1,400,000 at 31 July 2018. It is

expected that the Thornes Park site will be sold during the 2018/19 financial year at market value.

A recent High Court ruling found Guaranteed Minimum Pensions (GMPs) must be equalised between men and women, and that past underpayments must be corrected. Employers, such as the College, with a defined benefit pension scheme and contracted out of the State Second Pension from 17 May 1990 to 5 April 1997 are covered by the ruling, and will be impacted by increased defined benefit pension obligations. The specific impact on the College is unknown.

23 Defined benefit obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year

		2018	2017
		£000s	£000s
Teachers' Pension Scheme:		1,162	1,119
Local Government Pension Scheme:			
Contributions paid	*	963	788
FRS102(28) charge		914	894
Charge to the Statement of Comprehensive Income		1,877	1,682
Less amounts recognised as enhanced pension		(8)	(8)
Total Pension Cost for year within staff costs		3,031	2,793

* Based on actual contributions made in year. Estimated contributions were £968,000.

Contributions amounting to £112,000 (2017: £244,000) were payable to the scheme at 31st July and are included in creditors.

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 and other educational establishments, including colleges. 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.

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 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable at some point in 2019.

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 £1,162,000 (2017: £1,119,000)

Local Government Pension Scheme (LGPS)

The LGPS (West Yorkshire Pension Fund) is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council. The total contribution made for the year ended 31 July 2018 was £1,357,000 of which employer's contributions totalled £955,000 and employees' contributions totalled £402,000*. The agreed contribution rates for future years are 14.7%. Employee contributions are between 5.5% and 12.5% dependent on the full time equivalent salary.

* Based on actual contributions made in year. Estimated contributions were £404,000

A recent High Court ruling found Guaranteed Minimum Pensions (GMPs) must be equalised between men and women, and that past underpayments must be corrected. Employers, such as the College, with a defined benefit pension scheme and contracted out of the State Second Pension from 17 May 1990 to 5 April 1997 are covered by the ruling, and will be impacted by increased defined benefit pension obligations. The specific impact on the College is unknown.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 and updated to 31 July 2018 by a qualified independent actuary.

	At 31 July 2018	At 31 July 2017
Rate of increase in salaries	3.35%	3.25%
Future pension increases	2.10%	2.00%
Discount rate for scheme liabilities	2.80%	2.60%
Inflation assumption (CPI)	2.10%	2.00%

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

	At 31 July 2018 years	At 31 July 2017 Years
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	23.1	23.0
Females	27.1	27.0

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

	% of total plan assets at 31 July 2018	Fair Value at 31 July 2018 £000s	% of total plan assets at 31 July 2017	Fair Value at 31 July 2017 £000s
Equity instruments	74.6	30,520	76.9	28,986
Debt instruments	14.3	5,850	13.6	5,126
Property	4.2	1,718	4.4	1,658
Cash	2.2	900	1.7	641
Other	4.7	1,923	3.4	1,282
Total fair value of plan assets	100.0	40,911	100.0	37,693

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

	2018 £000s	2017 £000s
Fair value of plan assets	40,911	37,693
Present value of plan liabilities	(49,071)	(47,156)
Present value of unfunded liabilities	(116)	(121)
Net pensions liability	(8,276)	(9,584)

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

	2018 £000s	2017 £000s
Amounts included in staff costs		
Current service cost	(1,882)	(1,662)
Total	(1,882)	(1,662)
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	1,717	3,054
Experience gains arising on defined benefit obligations	742	3,325
Amount recognised in Other Comprehensive Income	2,459	6,379

Movement in net defined benefit liability during year

	2018	2017
	£000s	£000s
Net defined benefit liability in scheme at 1 August	(9,584)	(14,725)
Movement in year:		
Current service cost	(1,882)	(1,662)
Employer contributions	968	768
Net interest on the defined liability	(237)	(344)
Actuarial gain	2,459	6,379
Net defined benefit liability at 31 July	(8,276)	(9,584)

Asset and Liability Reconciliation

	2018	2017
	£000s	£000s
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	47,277	48,299
Current service cost	1,882	1,662
Interest cost	1,224	1,153
Contributions by Scheme participants	404	354
Experience losses on defined benefit obligations	(742)	(3,325)
Changes in financial assumptions		
Estimated benefits paid	(858)	(866)
Past Service cost	-	-
Defined benefit obligations at end of period	49,187	47,277

Changes In fair value of plan assets

Fair value of plan assets at start of period	37,693	33,574
Interest on plan assets	987	809
Return on plan assets	1,717	3,054
Employer contributions	960	768
Contribution by Scheme participants	404	354
Estimated benefits paid	(850)	(866)
Fair value of plan assets at end of period	40,911	37,693

25 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,138; 3 governors (2017: £133, 1 governor). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2017: Nil)

In 2017 Tony Rex, Director of Higher Education Development held unpaid directorships with two organisations with which the College has a business relationship (none in 2018). The organisations and the value of business transacted is set out below:

		2018 £	2017 £
Theatre Royal Wakefield:	Payments to:	-	60
	Income from:	-	13,962
Cambridge Access Validating Agency:	Payments to:	-	17,033

26 Amounts disbursed as agents

	2018 £000s	2017 £000s
Funding body grants – bursary support	854	702
Funding body grants – discretionary learner support	-	-
Other funding body grants	-	-
Sub Total	854	702
Disbursed to students	(769)	(644)
Administration costs	(29)	(26)
Balance unspent as at 31 July, included in creditors	56	32

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.