



BAR KING & DAGENHAM COLLEGE

**Report and Financial Statements
for the year ended 31 July 2023**

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are defined as members of the Executive Leadership Team and were represented by the following in 2022-23:

- Yvonne Kelly, Principal and CEO, Accounting Officer (until 28.02.23)
- Andy Cole – Interim Principal and CEO, Accounting Officer (From 03.03.23 to 31.07.23)
- Steve Dowbiggin – Interim Principal and CEO, Accounting Officer (From 01.08.23 to 31.12.23)
- Wijay Pitumpe, Interim Deputy Principal Finance & Resources (from 06.03.23 to 31.03.24)
- Debora Greenidge, Interim Executive Director of Finance (From 01.10.22)
- Jason Turton, Chief Operating Officer (from 01.09.21)
- Andrew Lawson Chief People Transformation Officer (from 28.02.22 to 31.07.23)
- Michelle Allen, Executive Director Human Resources (From 21.08.23)
- Victoria Eastwood Chief Governance Officer / Data Protection Officer

Board of Governors

A full list of Governors is given on page 10 of these financial statements.

Ms Victoria Eastwood acted as Chief Governance Officer

Professional Advisers

Financial statements auditors and reporting accountants:

MHA*
2 London Wall Place
London
EC2Y 5AU

Internal Auditors:
Scruton Bland LLP
25 Farringdon Street
London
EC4A 4AB

Bankers:
Barclays Bank
Canary Wharf
London
E14 5HP

* Following a rebranding exercise on 15 May 2023 the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA.

Solicitors:

Irwin Mitchell LLP
40 Holborn Viaduct
London
EC1N 2PZ

Mills & Reeve LLP
Norwich
Norfolk
NR3 1RU

VAT Advisors:

Davies-Mayers
Pillar House
Bath Road
Gloucestershire
GL53 7LS

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Members Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2023.

Legal status

1. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Barking & Dagenham College. The College is an exempt charity for the purposes of the Charities Act 2011.
2. The Corporation was incorporated as Barking College on the 1st January 1993. On the 1st February 2010, the Secretary of State granted consent to the Corporation to change the College's name to Barking & Dagenham College. The Corporation believes that the new name represents a more cross borough working relationship with our community and our stakeholders.

Vision, mission and strategic directions

3. Governors reviewed the College's mission in 2021/22 and this remains the mission for the College for 2022/23:

A Truly Great College, delivering inspirational learning and excellence through career focused education

Our Mission is 'to unleash potential, creating better futures for our learners, businesses and communities

The 'how' we deliver our mission is driven by our culture, values and behaviours. Our values are:

Learners and Customers focused - ensuring they are at the heart of everything we do
Respectful – by valuing and treating all fairly and as individuals
Passionate – demonstrating energising, engaging and inspiring all to achieve their potential
Collaborative – always working together to achieve excellence and growth
Innovative – leading the way, seeking new ways to continually improve
Excellent – in learning, teaching and assessment; the key to our success

College Strategic Directions

4. The College updated its strategic directions plan in 2021-22 approved for by the governing body. The delivery of the following strategic objectives are underpinned by operational deliverables for each of the objectives. The performance of the deliverables are monitored by strategic Key Performance Indicators (KPIs) in a balanced score card. The strategic objectives are:
 - **Achieving Excellence** – to accelerate student success, recognised in the top 10% for education performance
 - **Enhancing Economic Prosperity** – to provide employers with access to high quality technical provision to train their workforce in current and emerging skills
 - **Unlocking the Ambitions of our Communities** – to support more young people and adults into further and higher education.
 - **Creating a Valued Resource and Asset** – to create flexible and responsive human capital and infrastructures able to adapt to new and emerging skills and technologies

- **Building a Sustainable Future** – to future proof the College by enhancing our finances to re-invest

Public Benefit

5. Barking & Dagenham 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 pages 12 and 13.

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

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

- High quality teaching and learning
- Widening participation and tackling social exclusion
- Excellent employment outcomes for students
- Strong student support
- Links with employers, industry and commerce

Financial objectives

6. The College's financial objectives are to:

- Maintain a sound financial base to enable the College to meet the financial performance criteria needed to maintain a financial health category of '**Good**' to '**Outstanding**' under the Framework for excellence
- Continue to improve financial management
- Maintain the confidence of funding bodies, suppliers, banks and professional advisors
- Protect itself from unforeseen adverse changes in its income stream by maintaining adequate cash reserves
- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- Raise awareness of financial issues

7. A series of performance indicators have been agreed to monitor the successful implementation of the policies.

FINANCIAL POSITION

Financial results

8. The Group generated an operating deficit before other gains and losses in the year of £656k (2021-22– deficit of £2.352m) with total comprehensive income gain of £7.595m (2021-22 gain £17.092m).
9. During 2022-23 the Group underwent further changes to ensure it was well placed to meet current and future funding challenges. Some areas were subject to realignment and thus the accounts include staff restructuring costs of £51k (2021-22 - £0.357m).
10. The Group has accumulated reserves of £37.374m (2021-22 £28.957m). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.
11. Tangible fixed asset additions during the year amounted to £2.771m (2021-22 £3.015m). This was split between land and buildings acquired of £1.699m and equipment purchased of £1.072m.
12. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2022-23 the funding bodies provided 87% of the College's total income.
13. During 2022-23, the college had three subsidiary companies; Apprenticeships Work Limited, Aspire Limited and BDC@Broadway Limited. Any surpluses generated are transferred to the College under deed of covenant.

Treasury policies and objectives

14. Treasury management is the management of the Group'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.
15. The Group has a separate treasury management policy in place. Short-term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the College's Financial Memorandum agreed with Education and Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

The College will adhere to the guidance provided by the Department for Education (DFE) in response to the Office for National Statistics (ONS) classification of colleges as part of the public sector when considering any borrowing needs.

Cash flows

16. There was a cash inflow from operating activities of £4.332m (2022-23 inflow £3.320m). The overall net cash outflow resulted from capital expenditure.

Liquidity

17. During the year the College had a rolling credit facility from Barclays bank which allowed up to £3m. The College did not utilise this facility during the year. The College has terminated this facility in June 2023.

Reserves Policy

18. The College has no formal Reserves Policy for 22-23 but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. The Group reserves include £5.088m held as revaluation reserves. As at the balance sheet date the Income and Expenditure reserve stands at £31.295m (2021/2023: £22.900m). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

KEY PERFORMANCE INDICATORS

19. The colleges key performance indicators, targets and results are set out below:

Key performance indicator	Measure / Target	Actual for 2022/3	Comments
Operating surplus/EBITDA as % of income	>3%	3%	met
Adjusted current ratio	>1.4	1.4	met
Borrowing as a % of adjusted income	<40%	9%	met
Cash days in hand	25	69	met

Student numbers

20. In 2022/23 the College has delivered activity that has produced £30.293m in funding body main allocation funding (2021-22– £28.878m). The College had approximately 11,268 enrolments (6,951 learners) to its programmes. Of these 2,339 learners aged 16 to 18 and 739 adult learners attended on a full-time basis and 3,837 learners attended part time or evening courses.

Student achievements

21. Students continue to prosper at the College.

Payment performance

22. The Late Payment of commercial Debts (Interest) at 1998, in the absence of agreement to the contrary, requires organisations to pay 95% of its invoices within 30 days. During the accounting period 1 August 2022 to 31 July 2023, the college paid 58 % per cent of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period

Future developments

23. The £656k deficit in 2022/23 will have an impact on the College to reinvest in new buildings on its main site. However, it is believed that this result is exceptional due to the COVID 19. The College still plans to grow its learner numbers over the next 3 years.
24. The College aims to significantly increase its contribution by introducing a number of efficiency schemes across the College site. The College would like to reduce dependency on the Education and Skills Funding Agency (ESFA) and the Greater London Authority (GLA) and is seeking opportunities.

RESOURCES

25. The Group has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site in Rush Green and partnerships including Barking Learning Centre, Broadway Theatre and the Technical Skills Academy.

Financial

26. The Group has £31.295m (2021-22 £28.957m) of net assets including long term debt in respect of a loan of £3.118m (2021-22 £3.279m).

People

27. The College employs 381 people (expressed as full-time equivalents), of whom 140 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

29. The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.
30. Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.
31. A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.
32. Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Government funding

33. The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2022/23, 87% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies
- Focussing on employer engagement and expanding apprenticeship delivery
- Ensuring learners receive an enhanced learner experience

Tuition fee policy

34. Ministers confirmed that the fee assumption will remain at 50%. In line with the majority of other Colleges, Barking & Dagenham College will seek to increase tuition fees in accordance with the fee assumptions. The price elasticity of adult learning for the College is not yet fully understood. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

Failure to maintain the financial viability of the College

35. The College's current financial health grade is classified as "Good" as described above. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

36. In line with other Colleges and with universities, Barking & Dagenham College has many stakeholders. These include:

- Students
- Education Sector funding bodies
- FE Commissioner
- Staff

- Local employers (with specific links)
- Local Authorities
- Local Enterprise Partnerships (LEPs)
- The local community
- Other FE institutions
- Trade unions
- 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.

Equality Statement

37. Barking & Dagenham College is committed to advancing equality of opportunity for all. The College celebrates and values the diversity brought to its workforce and student body by individuals, and is committed to meeting the needs of a diverse learner population within a multi-cultural society. The College seeks to ensure that individuals and communities have equal access to learning programmes and facilities, to be responsive to the changing demographic of the local area, and to play an active role in community cohesion.

The College will treat all employees, workers and students with respect and dignity, and seeks to provide a working environment free from discrimination, harassment or victimisation. Barking & Dagenham College will seek to eliminate discrimination on grounds of age, class, disability, employment status, ethnic origin, gender, marital status, pregnancy and maternity, nationality, religion, sexual orientation, gender reassignment or special needs.

Barking & Dagenham College aims to create a working and learning environment where there are positive relations between different groups of people. To this end, the college undertakes to provide training and support for staff, to consult with staff about their experience of the working environment, and to provide diverse images in any material that it produces. The aim is to create an inclusive ethos where issues of racism, bullying, stereotyping and discrimination can be discussed openly, where there is a shared commitment to challenging and preventing all kinds of discrimination, and where there is respect for diversity and difference.

The College's Equality & Diversity Policy is published on the College's public-facing website, as well as the staff Intranet site. Each year, a number of Equality, Diversity and Inclusion objectives are identified by our Equality and Diversity Committee. These inform a detailed EDI quality improvement plan, which is monitored by managers and governors.

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

Disability statement

38. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.
- a) As part of its accommodation strategy the College updated its access audit and has installed lifts and ramps to ensure most of the facilities allow access to people with a disability.

- b) The College periodically works with a company that specialises in access advice for disabled students to carry out surveys of the College and provide advice on the needs of disabled people.
- c) There is a list of specialist equipment, such as lighting for audio facilities, which the College can make available for use by students.
- d) The admissions policy for all students is published by the College. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can 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.
- f) Specialist programmes are described in college prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the Student Handbook which is issued to students at induction, and also includes sections covering the Complaints and Disciplinary Procedures. Students are also introduced to the range of support services that are available to them as part of the college's induction activities

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 2023 and signed on its behalf by:



Andy Forbes
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 2022 to 31 July 2023 and up to the date of approval of the annual report and financial statements.

The college endeavours to conduct its business:

1. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”)

In the opinion of the Governors, the College complies with all the provisions of the Code (with an action plan in place to ensure improvement where required), and it has complied throughout the year ended 31 July 2023. This opinion is based on an internal review of compliance with the Code confirmed at the Board of Corporation Strategy Event held on 7 November 2022. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in 2015, which has formally adopted.

Members of the Corporation

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

	Date of appointment	Term of Office	Date of resignation	Committees Served	Corporation Attendance in 2022/23
Talha Ahmad	06.07.21 Re-appointed 05.07.22	1 Year 1 Year		Policy & Resources Committee	3/8
Forhad Altafi (Staff Governor)	24.05.18 Re-appointed 17.06.22	4 Years 4 Years		Policy & Resources Committee Search & Governance Committee Curriculum & Quality Committee	5/8
Mark Bass (Chair until 06.07.23)	08.07.2012 Re-appointed 30.10.17 Re-appointed 15.10.18 Re-appointed 28.10.19 Re-appointed 06.07.21	4 Years 1 year 2 years 2 years 2 years	06.07.23	Chair of Corporation Search & Governance Committee (Chair) Remuneration Committee	8/8
Andrew Brown	12.12.17 Re-appointed 20.10.21	4 Years 14 months	12.12.22	Vice Chair of the Corporation Vice Chair – Search & Governance Committee Vice-Chair Remuneration Committee Chair Curriculum & Quality Committee Chair of Subsidiary Boards	2/5
Evelyn Carpenter	01.12.15 Re-appointed 28.10.19	4 Years 4 Years	12.12.22	Chair - Policy & Resources Chair - Remuneration Committee	4/5

Andy Cole (Interim Principal/CEO)	27.02.23	5 months	28.07.23	Policy & Resources Curriculum & Quality	3/3
Carole Ditty	01.06.19 Re-appointed 15.05.23	4 years 4 years		Chair - Policy & Resources Committee Chair - Remuneration Committee	5/8
Lisa Dee (Co-opted)	19.02.18 Re-appointed 11.02.19 Re-appointed 03.04.20 Appointed 23.03.21	1 Year 1 year 1 Year 1 Year	14.10.22	Co-opted Governor Curriculum & Quality Committee	N/A
Katharina De Vita	27.03.23	1 Year		Curriculum & Quality Committee	1/3
Andy Forbes (Chair)	02.09.22 09.10.23	1 Year 1 Year		Curriculum & Quality Committee Policy & Resources Committee Search & Governance Committee Remuneration Committee	7/8
Stuart Fraser	03.07.2017 Re- appointed 06.07.21	4 Years 2 Years	01.01.23	Chair of TSAG	5/5
Michael Going	20.10.21 Re-appointed 07.11.22	1 Year		Policy & Resources Committee	2/8
Geoff Hall (Staff Governor)	01.06.22	2 Year		Curriculum & Quality Committee	8/8
Nick Kavanagh	06.07.21 Re-appointed 05.07.22	3 Years		Audit Committee	5/8
Alex Key	15.02.21 Re-appointed 12.12.22	1 Year 3 Years		Chair - Curriculum & Quality Committee	8/8
Yvonne Kelly (Principal/CEO)	March 2016	Ex- officio	31.03.23	Policy & Resources Curriculum & Quality	5/5
Molly Makota	27.03.23	1 Year		Policy & Resources Committee	2/3
Bim Osunsami	06.07.21 Re-appointed 05.07.22	3 Years		Audit Committee (Chair)	3/8
Bal Panesar	11.02.19 (Co-opted) 01.06.19	1 year 4 Years		Audit Committee (Vice-Chair)	5/8
Charles Tennant (Vice-Chair)	20.10.21 Re-appointed 07.11.22	3 Years		Curriculum & Quality (Vice-Chair) Search & Governance Remuneration Chair of Subsidiaries	8/8
Swati Toshniwal	20.10.21	1 Year	10.10.22	Curriculum & Quality Committee	N/A
Jahaid Zaman	20.10.21	1 Year 1 Year		Audit Committee	2/8

Re-appointed 07.11.22				
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The Governance Framework

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, risk register, safeguarding and EDI updates, curriculum and quality matters, people & organisational development reports, health and safety and sustainability and environmental issues. The Corporation meets at least once each term. In 2022/23 there were a total of eight Corporation meetings held (three scheduled Board meetings and five additional Board meetings) to discuss relevant business when required.

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

Barking & Dagenham College
Dagenham Road
Romford
Essex
RM7 0XU

The Chief Governance Officer 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 Chief Governance Officer, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Chief Governance Officer 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 provided on an ad hoc basis.

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

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

Appointments to the Corporation

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee, consisting of three members of the corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office of one year in the first instance to allow for review by both parties. If agreed the term of office is extended for a period not exceeding an additional three years. To comply with the AoC Code of Good Governance, Governors are no longer permitted to serve more than two terms of four years.

Corporation performance

The Corporation undertook a matrix of self-assessment processes during 2022/23 as follows:

- Evaluation at the end of Corporation meetings
- Governor skills audit
- Corporation SWOT analysis
- One to one meetings with the Chair
- Attendance monitoring
- Review of all Governors before reappointment by the Search and Governance Committee.

In addition, self-assessment of the Corporation is scheduled to take place at the November 2023 Corporation Strategic Event.

The Governing Body is committed to development and held two Board Development Events during 2022/23 in addition to formal Corporation meetings and Strategic Planning Events.

The previous Chair (up to January February 2023) and the current Chair have attended ETF regional governance conferences, ETF webinars focussed on ONS re-classification and meeting local needs; AoC webinars including LSIP and SDF updates; BLG Conference and the AoC Annual Conference. The Chair is also a member of the Association of Chairs attending various webinars during 2022/23.

The Chief Governance Officer attended the ETF ONS and meeting local needs webinars; Eversheds and RSM updates, ETF Virtual Governor Conference, AoC Governance Professionals Conference, ETF- Role of the Governance Professional webinar, AoC LSIP Webinar and safeguarding training.

Governors attended the AoC Finance Masterclasses, AoC Governor LSIP and SDF webinar, ETF ONS and meeting local needs webinars and the AoC EDI Conference.

All Governors completed mandatory training provided through the College's smartlog platform during 2022/23.

The Governing Body has considered DfE guidance on board reviews and a formal external review is scheduled for February 2024.

Remuneration committee

Throughout the year ending 31 July 2023 the college's Remuneration Committee comprised five members of the Corporation until December 2022 when this reduced to four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders. The Committee also has strategic oversight of Executive level appointments.

Barking & Dagenham College Corporation adopted the AoC Senior Post Holder Remuneration Code (Code) at their meeting in February 2019.

The College publishes a readily accessible annual statement of senior post-holder remuneration on the College website for transparency and ease of access. Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

Audit committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair) and had a Co-opted Member up to March 2023. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

During 2022/2023 the Audit Committee met three times and Committee attendance is provided below:

Date of Meeting	Bim Osunsami (Chair)	Bal Panesar (Vice-Chair)	Nick Kavanagh	Jahaid Zaman	Molly Makota (Co-opted)
26.09.22	✓	✓	✓	✓	✓
20.03.23	✓	✓	✓	✓	
26.06.23	✓	✓	✓	x	
Total	3/3	3/3	3/3	2/3	1/1
Percentage	100%	100%	100%	67%	100%

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 auditors, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the corporation.

Curriculum & Quality Committee

The Curriculum & Quality Committee met formally times during 2022/23 and also held a discussion meeting. The Committee provide assurance to the Corporation on its strategic role in relation to the College's quality, standards, assessment of teaching and learning, learner experience and performance against Ofsted recommendations.

Policy & Resources Committee

The Policy & Resources Committee met three times during 2022/23. The Committee advise the Corporation on the College's policies and resources and keeps under review matters of public funding and financial management, EDI, estates and sustainability, financial regulations, human resource management and organisational development.

Search & Governance Committee

The Search & Governance Committee met three times during 2022/23 to discuss and review Corporation membership. The Committee are responsible for promoting governance positions and considering applications against the Corporation skills matrix.

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 Interim Principal/CEO, 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 Barking & Dagenham 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 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 Barking & Dagenham College for the year ended 31 July 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The 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 ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation through the Audit Committee.

The risk register is reviewed at each Audit Committee meeting and reported to the Corporation via the Audit Committee report. The risk register identifies key risks, likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate risks. Risks are prioritised using a scoring system which allows post mitigation scores to be compared with an agreed risk appetite score. This is regularly reviewed and monitored by the College's Senior Leadership Team and scores are amended/risks reviewed on an ongoing basis.

Control weaknesses identified

Scrutton Bland provided the Internal Audit Service for the College during 2022/23 and judged the College had adequate and affective risk management processes, adequate and effective governance processes, adequate and effective control processes, notwithstanding the limited assurance opinion provided for the Apprenticeship Funding Assurance audit; and had adequate and effective processes surrounding efficiency and effectiveness, notwithstanding the medium risk findings with the Procurement report.

The internal auditors identified in the area of Apprenticeships Funding Assurance, that detailed costing models were not in place for the apprenticeship courses being delivered by the College. The Audit Committee discussed and agreed the detailed action plan to address the recommendations and noted positive management responses had been received to address the issues. It was agreed that individual costing models would be created for each course and adjusted per employer. Internal cost models would be agreed for all staff joining as an apprentice. ESFA guidelines would be used as part of the eligible costs.

Responsibilities under funding agreements

The Board of Corporation confirm it has met all conditions under the funding agreement.

Office for National Statistics (ONS) reclassification

Following a review into the classification of the English college sector for the purposes of national accounts, as of 29 November 2023, the ONS reclassified colleges into the central government sector with immediate effect. To ensure compliance with requirements introduced by the re-classification, the College has undertaken the following:

- Provided a comprehensive report to the Board on the impact of the re-classification
- Briefed the Executive Committee and key Finance staff on the requirements
- Provided staff training on the Financial Regulations which have been updated to reflect ONS requirements
- Amended the Policy & Resources; Audit Committee and Remuneration Committee Terms of Reference and Corporation Statement of Governance to reflect the requirements of each Committee and the Board and to ensure effective monitoring and compliance
- Updated the following: Treasury Management Policy, Financial Statements,

Statement from the Audit committee

The Audit committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit committee believes the corporation has effective internal controls in place with the areas of limited assurance being addressed.

The specific areas of work undertaken by the Audit Committee in 2022/23 and up to the date of the approval of the financial statements are:

- Internal Audit Reports – Apprenticeships, Recruitment, Engagement & Funding; Apprenticeships Funding; Human Resources; Procurement; Health & Safety; Estates Management Services Standards; Examinations; Student Destinations; Payroll; Cyber Security; Funding Assurance; Learner Recruitment & Marketing; Purchasing & Payment; Follow Up 2021/22
- Internal Audit Annual Report 2021/22

- Internal Audit Strategy and Annual Plan 2022/23
- Internal Audit Plan 2023-24
- Financial Statement – Audit Planning Memorandum 2022/23
- Subcontracting Controls Assurance Report 2021/22 and 2022/23
- Risk and Fraud Update
- Risk/Board Assurance Framework
- Whistleblowing

Review of effectiveness

As Accounting Officer, the Interim Principal/CEO has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the college who have responsibility for the development and maintenance of the internal control framework
- comments made by the college's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of their 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 senior management 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 senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control.

The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2023 meeting, the corporation carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2023.

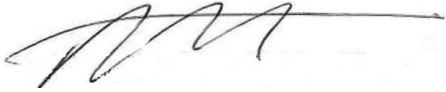
Based on the advice of the Audit Committee and the Accounting Officer, the corporation is of the opinion that the college has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "*the effective and efficient use of resources,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

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.

Approved by order of the members of the Corporation on 16 December 2022 and signed on its behalf by:

Signed:



Andy Forbes
Chair of Corporation

Signed:




Steve Dowbiggin
Accounting Officer (Interim)

Governing Body’s statement on 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 corporation’s grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

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

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



Andy Forbes
Chair of Corporation

Date: 11 December 2023



Steve Dowbiggin
Accounting Officer (Interim)

Date: 11 December 2023

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 corporation'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 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 corporation 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- 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 going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the 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 corporation is responsible for the maintenance and integrity of its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 jurisdiction.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 11 December 2023 and signed on its behalf by:



Andy Forbes - Chair of Corporation

Independent Auditor's Report to the Corporation of Barking & Dagenham College

Year ended 31 July 2023

Opinion

We have audited the financial statements of the Corporation of Barking and Dagenham College (the 'parent College') and its subsidiaries for the year ended 31 July 2023 which comprise the Group statement of comprehensive income and expenditure, the Group and parent College statement of changes in reserves and balance sheets, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 in relation to which the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

Opinions on other matters prescribed in the Office for Students' Accounts Direction

In our opinion, in all material respects

- funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- funds provided by the Office for Students and the Education and Skills Funding Agency have been applied in accordance with the relevant terms and conditions.
- The requirements of the Office for Students accounts direction for the relevant year have been met.

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matters:

- The corporation's grant and fee income, as disclosed in note number 2 to the financial statements, has been materially misstated; or
- The corporation's expenditure on access and participation activities for the financial year, as disclosed in note number 9 to the financial statements, has been materially misstated

We have no matters to report arising from this responsibility.

Responsibilities of the Corporation of Barking and Dagenham College

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

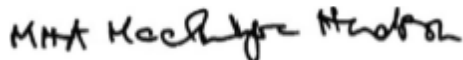
- Enquiry of management, those charged with governance and the Corporation's solicitors around actual and potential litigation and claims;
- Enquiry of Corporation staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over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

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

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

Use of our report

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



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date 12 Dec 2023

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

REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BARKING & DAGENHAM COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ("the Department")

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

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

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

Respective responsibilities of the Corporation of BARKING AND DAGENHAM College and the reporting accountant

The Corporation of Barking and Dagenham College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities 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 2022 to 31 July 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by 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 to our conclusion includes:

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

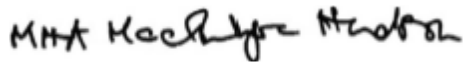
Conclusion

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

Matter one – Prior approval of severance payments

During the year the College made a severance payment to a College employee without seeking the prior approval of the Department for Education.

The College recognises that such approval should have been sought prior to this payment being made which occurred a short time after the reclassification of Further Education Colleges from the private sector to the public sector. The College has reviewed its procedures to prevent such an oversight from occurring again.



MHA

Chartered Accountants and Registered Auditor
London, United Kingdom

Date 12 Dec 2023

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July		Year ended 31 July	
		2023	2023	2022	2022
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2	30,293	30,293	28,878	28,878
Tuition fees and education contracts	3	1,227	1,227	1,518	1,518
Other grants and contracts	4	2,337	2,337	1,854	1,854
Other income	5	987	592	1,219	650
Endowment and investment income	6	92	92	8	8
Donations	7	-	-	-	-
Total income		34,937	34,542	33,477	32,908
EXPENDITURE					
Staff costs	8	22,689	22,378	23,260	23,057
Fundamental restructuring costs	8	51	51	357	323
Other operating expenses	9	10,414	10,156	9,165	8,878
Interest and other finance costs	10	119	119	385	385
Depreciation	13	2,132	2,126	2,474	2,463
Amortisation	13	189	189	188	188
Total expenditure		35,593	35,019	35,829	35,294
(Deficit) before tax		(656)	(477)	(2,352)	(2,385)
Taxation	11	-	-	-	-
Deficit for the year	12	(656)	(477)	(2,352)	(2,385)
Unrealised surplus on revaluation of assets		-	-	-	-
Actuarial gain/(loss) in respect of pensions schemes		464	464	19,444	19,444
Total Comprehensive Income for the year		(192)	(13)	17,092	17,059
Operating Deficit/Surplus is realised as follows:					
(Deficit) before tax		(656)	(477)	(2,352)	(2,385)
Add back FRS102 Pension Interest Charge		464	464	2,076	2,076
Operating Surplus/(Deficit)		(192)	(13)	(276)	(309)

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Restricted Reserves	Total excluding Non controlling interest	Non Controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
Balance at 31st July 2021	6,667	5,086	-	11,753	-	11,753
(Deficit) from the income and expenditure account	(2,352)	-	-	(2,352)	-	(2,352)
Other comprehensive income	19,444	-	-	19,444	-	19,444
Transfers between income and expenditure and restricted reserves	(971)	-	971	-	-	-
Subsidiary reserves	112	-	-	112	-	112
Total comprehensive income for the year	16,233	-	971	17,204	-	17,204
Balance at 31st July 2022	22,900	5,086	971	28,957	0	28,957
(Deficit) from the income and expenditure account	(656)	-	-	(656)	-	(656)
Other comprehensive income	464	-	-	464	-	464
Transfers between income and expenditure and restricted reserves	-	-	-	-	-	-
Total comprehensive income for the year	(192)	-	-	(192)	-	(192)
Balance at 31st July 2023	22,708	5,086	971	28,765	0	28,765
College						
Balance at 31st July 2021	6,860	5,086	-	11,946	-	11,946
Surplus/(deficit) from the income and expenditure account	(2,385)	-	-	(2,385)	-	(2,385)
Other comprehensive income	19,444	-	-	19,444	-	19,444
Transfers between income and expenditure and restricted reserves	(971)	-	971	-	-	-
Total comprehensive income for the year	16,088	-	971	17,059	-	17,059
Balance at 31st July 2022	22,947	5,086	971	29,005	-	29,005
Surplus/(deficit) from the income and expenditure account	(477)	-	20	(477)	-	(477)
Other comprehensive income	464	-	-	464	-	464
Transfers between income and expenditure and restricted reserves	-	-	-	-	-	-
Total comprehensive income for the year	(13)	-	20	(13)	-	(13)
Balance at 31st July 2023	22,933	5,086	991	28,992	-	28,992

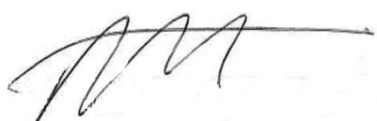
Balance sheets as at 31 July

	Notes	Group	College	Group	College
		2023	2023	2022	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	13	48,767	48,760	48,124	48,116
Goodwill	13	-	-	-	-
Investments	13	385	385	574	574
		49,152	49,146	48,698	48,690
Current assets					
Stocks		15	12	9	8
Trade and other receivables	14	1,777	1,715	2,390	2,467
Cash and cash equivalents	20	6,181	6,168	4,663	4,477
		7,973	7,896	7,062	6,952
Less: Creditors – amounts falling due within one year	15	(7,284)	(6,976)	(6,207)	(6,042)
Net current assets		690	919	855	910
Total assets less current liabilities		49,842	50,065	49,553	49,600
Less: Creditors – amounts falling due after more than one year	16	(19,986)	(19,986)	(19,344)	(19,344)
Provisions					
Defined benefit obligations	23	-	-	-	-
Other provisions	18	(1,068)	(1,068)	(1,252)	(1,252)
Total net assets		28,787	29,012	28,957	29,004
Reserves					
Income and expenditure account	22	22,708	22,933	22,900	22,947
Revaluation reserve	19	5,088	5,088	5,086	5,086
Restricted reserve		991	991	971	971
Total Reserves		28,787	29,012	28,957	29,004

The financial statements on pages 27 to 30 were approved and authorised for issue by the Corporation on the 11 December 2023 and were signed on its behalf on that date by:

Andy Forbes
Chair of Corporation

Steve Dowbiggin
Accounting Officer (Interim)




Barking & Dagenham College
Consolidated Statement of Cash Flows

	Notes	2023 £'000	2022 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		(656)	(2,240)
Adjustment for non cash items			
Depreciation & amortisation		2,321	2,662
Decrease/(Increase) in stocks		(6)	10
(Increase)/decrease in debtors		613	(131)
Increase/(decrease) in creditors due within one year		1,078	834
Increase in creditors due after one year		641	345
(Decrease) in provisions		(184)	(323)
Pensions costs less contributions payable		464	2,076
Adjustment for investing or financing activities			
Interest payable		144	95
Investment income		(92)	(8)
		<u>4,322</u>	<u>3,320</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Investment income		92	8
Payments made to acquire fixed assets		(2,591)	(3,015)
		<u>(2,498)</u>	<u>(3,007)</u>
Cash flows from financing activities			
Interest paid		(144)	(95)
Repayments of amounts borrowed		(161)	(215)
		<u>(305)</u>	<u>(310)</u>
Increase in cash and cash equivalents in the year			
		<u>1,518</u>	<u>3</u>
Cash and cash equivalents at beginning of the year	20	4,663	4,666
Cash and cash equivalents at end of the year	20	6,181	4,663

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2021 to 2022* and in accordance with 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 requirements of FRS 102. All references to the College will also include the subsidiaries as part of these group financial statements.

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.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries companies; Apprenticeships Work Limited, Aspire Training & Enterprise Limited and BDC@Broadway Limited controlled by the group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

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

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 cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £3.1m of loans outstanding with bankers on terms negotiated in 2022. The terms of the existing agreement are for 20 years. The College’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, 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.

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

The Office of National Statistics (ONS) announced on the 29th November 2022 that it has reclassified colleges into the central government sector. The reclassification means that colleges cannot borrow from commercial markets as the Government can borrow at a much lower rate. The use of overdrafts or revolving credit facilities must be approved by the department. The college will be required to ask for consent to write off debts of more than 1% of income or £45k individually.

Recognition of income

Revenue grant funding

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

Where part of a government grant is deferred, the deferred element is recognised in creditors.

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 model as permitted by FRS 102. Other non-governmental capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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 receivable.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Accounting for post retirement 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

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 the College and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

London Borough of Barking & Dagenham 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 other recognised gains and losses.

At the year end, the initial actuarial report from the Scheme Actuary reported a net pension asset of £8,587. When the Scheme gives rise to a potential asset position, the Governors are required to assess the basis for recognising an asset on the balance sheet against the FRS102 criteria, this being "An entity shall recognise the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or refunds from the plan." In using the word "shall", the emphasis is placed upon the College to consider the value of such an asset, rather than whether an asset should be recognised in the first instance. Accordingly, the College has considered the value at which they can benefit from either (1) refunds from the plan or (2) reduced contributions. As the College intends to continue to participate in the LGPS, the likelihood of a refund being due from the Scheme has been deemed as remote and not practically achievable. Secondly, the College has undertaken an exercise to assess the Minimum Fund Contributions (MFR) due to the Scheme in order to calculate the net present value of the asset which will be the value of a perpetuity of the future service cost minus the prevailing primary rate. The outcome of this calculation has shown that the College is unlikely to gain economic benefit from a reduction in future contributions.

Accordingly, the college has made an impairment charge on the asset reducing the net position at the year ended 31 July 2023 to £Nil. Therefore, no defined benefit pension asset has been included in the financial statements.

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

Non-current Assets - Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 60 years.

Leasehold buildings are depreciated over the life of the lease. The college acquired a leasehold property from the London Borough of Barking & Dagenham. A 25-year lease at this site, has given the college an opportunity to deliver education and training from centre of Barking. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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 income and expenditure account 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:

- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs

- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing more than £2,000 or more per individual item and all computer hardware and software is capitalised at cost. All other equipment is written off to the income and expenditure account in the period of acquisition.

All other equipment is depreciated over its useful economic life as follows:

- | | | |
|--|---|--------------------------|
| • Motor vehicles | - | three years |
| • General equipment | - | five years and ten years |
| • Computer equipment | - | three to eight years |
| • Equipment acquired for specific projects | - | project life |

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

Leased assets

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

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

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

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

Investments in subsidiaries

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

Inventories

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether these are indicators of impairment of college's tangible assets including goodwill. Factors taken into consideration in reaching such a decision included the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.
- 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.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25 will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Barking & Dagenham College
Notes to the Accounts (continued)

2 Funding council grants

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - Adult	6,882	6,882	6,757	6,757
Education and Skills Funding Agency – 16 -18	18,648	18,648	16,963	16,963
Education and Skills Funding Agency - apprenticeships	1,489	1,489	1,823	1,823
Specific Grants				
Release of government capital grants	1,299	1,299	1,145	1,145
Release of Office for students capital grants	9	9	15	15
Non recurrent grants	1,322	1322	1,684	1,684
Teachers Pension scheme	643	643	491	491
Total	30,293	30,293	28,876	28,876

3 Tuition fees and education contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	961	961	997	997
Apprenticeship fees and contracts	5	5	0	0
Fees for FE loan supported courses	215	215	315	315
Fees for HE loan supported courses	-	-	0	0
Total tuition fees	1,181	1,181	1,312	1,312
Education contracts	46	46	206	206
Total	1,227	1,227	1,518	1,518

4 Other grants and contracts

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
UK-based charities	-	-	-	-
European Commission	199	199	111	111
Other grants and contracts	366	366	377	377
High Needs Element 2 & 3	1,771	1,771	1,366	1,366
Job Retention Scheme	-	-	-	-
Total	2,337	2,337	1,854	1,854

Barking & Dagenham College
Notes to the Accounts (continued)

5 Other income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
5.1 Refectory - Catering and residences	266	266	166	166
5.2 Other income generating activities	615	253	625	173
5.3 Other grant income	100	-	180	-
5.5 Miscellaneous income	6	73	248	311
	987	592	1,218	650

Total

6 Investment income

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
6.1 Bank interest receivable	92	92	8	8
	92	92	8	8

7 Donations - College only

	Year ended 31 July	
	2023	2022
	£'000	£'000
Unrestricted donations	0	66
Total	0	66

Barking & Dagenham College
Notes to the Accounts (continued)

8 Staff costs - Group

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

	2023	2022
	No.	No.
Teaching staff	140	147
Non teaching staff	241	198
	<u>381</u>	<u>345</u>
Staff costs for the above persons		
	2023	2022
	£'000	£'000
Wages and salaries	15,229	16,337
Social security costs	1,501	1,475
Other pension costs	2,775	2,894
Payroll sub total	<u>19,505</u>	<u>20,706</u>
Contracted out staffing services	3,185	2,554
	<u>22,689</u>	<u>23,260</u>
Fundamental restructuring costs - contractual	✓ 51	✓ 357
	<u>22,740</u>	<u>23,617</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive which comprises of the Principal, Chief Operating Officer, Chief Financial Officer, Executive Director People and Organisation and Executive Director Business Operations.

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

	2023	2022
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>8</u>

Barking & Dagenham College
Notes to the Accounts (continued)

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

	Key Personnel	
	2023	2022
	No.	No.
£40,000 to £50,000	2	5
£50,001 to £60,000	0	2
£65,001 to £70,000	1	-
£75,001 to £80,000	-	5
£80,001 to £90,000	3	1
£90,001 to £100,000	2	-
£100,001 to £110,000	5	-
£110,001 to £120,000	1	1
£120,001 to £130,000	-	-
£130,001 to £140,000	-	-
£140,001 to £150,000	-	-
£150,001 to £2500,000	1	1
	<u>15</u>	<u>15</u>

8 Staff costs - Group and College

Key management personnel compensation is made up as follows:

	2023	2022
	£'000	£'000
Salaries - gross of salary sacrifice and waived emoluments	1,103	493
Employers National Insurance	139	63
Benefits in kind	-	-
	<u>1242</u>	<u>556</u>
Pension contributions	230	96
Total emoluments	<u>1472</u>	<u>652</u>

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

The above compensation includes amounts payable to the Accounting Officer (who is also the highest

	2023	2022
	£'000	£'000
Salaries	157	158
Benefits in kind	-	-
	<u>157</u>	<u>158</u>
Pension contributions	<u>37</u>	<u>37</u>

Barking & Dagenham College
Notes to the Accounts (continued)

The governing body adopted AoC's Senior Staff Remuneration Code in February 2019 and assesses pay in line with its principals.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration.

The Principal reports to the Chair of Corporation, who undertakes an annual review of her performance against the College's overall strategic objectives using both qualitative and quantitative measure of performance.

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

Principal's basic salary as a multiple of the median of all staff	4.6
Principal's total remuneration as a multiple of the median of all	4.6

Compensation for loss of office paid to former key management personnel

	2023	2022
	£	£
Compensation paid to the former post-holder - contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u> </u>	<u> </u>

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

Barking & Dagenham College
Notes to the Accounts (continued)

9 Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2023	2023	2022	2022
	Group	College	Group	College
	£'000	£'000	£'000	£'000
9.1 Teaching costs	1,280	1,280	1,795	1,795
9.2 Non teaching costs	6,134	5,986	4,778	4,586
9.3 Premises costs	3,002	2,889	2,592	2,497
Total	10,416	10,156	9,165	8,878

Other operating expenses include:	2023	2022
	£'000	£'000
Auditor's remuneration:		
Financial statements audit	44	52
Internal audit	50	18

10 Interest payable - Group and College

	2023	2022
	£'000	£'000
10.1 On bank loans, overdrafts and other loans:	144	95
	144	95
10.2 Net interest on defined pension liability (note 23)	(25)	291
Total	119	385

11 Taxation - Group only

	2023	2022
	£'000	£'000
United Kingdom corporation tax at 19 per cent	-	-
Provision for deferred corporation tax in the accounts of the subsidiary company	-	-
Total	-	-

The members do not believe that the College was liable for any corporation tax arising out of its activities during either year. The tax charge above relates to its trading subsidiary companies.

Barking & Dagenham College
Notes to the Accounts (continued)

12 (Deficit)/Surplus on continuing operations for the period

	2023 £'000	2021 £'000
(Defect)/Surplus on continuing operations for the year made up as:		
College deficit for the period	(477)	(2,385)
Subsidiary company's performance	(179)	(25)
Total	<u><u>(656)</u></u>	<u><u>(2,410)</u></u>

13 Tangible fixed assets (Group)

	Land and buildings		Equipment	Total
	Freehold	Short leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2022	60,239	1,541	11,724	73,504
Additions	1,072	-	1,699	2,771
Disposals	-	-	(715)	(715)
At 31 July 2023	<u>61,312</u>	<u>1,541</u>	<u>12,708</u>	<u>75,564</u>
Depreciation				
At 1 August 2022	18,604	793	5,983	25,380
Charge for the year	1,303	11	818	2,132
Elimination in respect of disposals	-	-	(715)	(715)
At 31 July 2023	<u>19,907</u>	<u>804</u>	<u>6,087</u>	<u>26,797</u>
Net book value at 31 July 2023	<u>41,404</u>	<u>737</u>	<u>6,621</u>	<u>48,767</u>
Net book value at 31 July 2022	<u>41,635</u>	<u>748</u>	<u>5,741</u>	<u>48,124</u>

Barking & Dagenham College
Notes to the Accounts (continued)

13 Tangible fixed assets (College only)

	Land and buildings Freehold	and buildings Short leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2022	60,175	1,541	11,484	73,200
Additions	1,072	-	1,699	2,771
Disposals	-	-	(715)	(715)
At 31 July 2023	61,246	1,541	12,467	75,256
Depreciation				
At 1 August 2022	18,533	793	5,758	25,084
Charge for the year	1,303	11	812	2,126
Elimination in respect of disposals	-	-	(715)	(715)
At 31 July 2023	19,836	804	5,855	26,495
Net book value at 31 July 2023	41,409	737	6,612	48,760
Net book value at 31 July 2022	41,642	748	5,726	48,116

If fixed assets had not been revalued they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

Barking & Dagenham College
Notes to the Accounts (continued)

13 Investments

		Year Ended 31st July 2023		Year Ended 31st July 2022	
		£000's	£000's	£000's	£000's
13.2	Barking Learning Centre Less amortisation	1,772 <u>(1,477)</u>	 295 <u>295</u>	1,772 <u>(1,378)</u>	 394 <u>394</u>
13.3	Hairazors Limited Less amortisation	- <u>-</u>	 - <u>-</u>	485 <u>(485)</u>	 - <u>-</u>
13.1	Broadway Theatre Less amortisation	1,800 <u>(1,710)</u>	 90 <u>90</u>	1,800 <u>(1,620)</u>	 180 <u>180</u>
	Total		<u>385</u>		<u>574</u>
		Group	College	Group	College
		2023	2023	2022	2022
		£	£	£	£
	Investments in subsidiary company - Aspire Training & Enterprise	1	1	1	1
	Investments in subsidiary company - Apprenticeships Work Limited	1	1	1	1
	Investments in subsidiary company - BDC@Broadway Limited	1	1	1	1
	Hairazors Limited	-	-	-	-
	Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

The College owns 100 per cent of the issued £1 share of Aspire Training & Enterprise Limited, Apprenticeships Work Limited and BDC@Broadway Limited; all companies incorporated in England & Wales. The principal business of Aspire Training & Enterprise Limited is to act as the holding company for all BDC investments.

Aspire Training & Enterprise Limited started trading in November 2013 but whilst it is not registered as dormant at Companies house, did not trade in 2022-23. The Apprenticeships Work Limited principal activity is an employment business for providing employment for apprentices and again. Whilst not registered as dormant, it did not trade in 2022-23. The BDC@Broadway Limited principal activity is a training and commercial theatre to provide performing arts activities and started trading in June 2014.

Barking & Dagenham College
Notes to the Accounts (continued)

Up until 31 July 2019, the College owned 100 per cent of Hairazors Limited. The hairdressing and training salon was purchased during 2011-12 to provide training to students undertaking hairdressing courses. Due to the economic climate and Covid-19 impact, Hairazors ceased trading and was dissolved on 10th August 2021.

Broadway Theatre

The College has entered into a Development Agreement by which it has agreed to make capital contributions of £1,800,000 to refurbish with Barking & Dagenham Council the Broadway Theatre building. The College has exclusive use of one part of the building, for the purposes of delivering vocational courses, and shared common services with other users for a period of no less than twenty years.

The investment will be amortised on a straight line basis over a period of twenty years from the 1st August 2024.

Barking Learning Centre

The College has entered into a lease and memorandum of understanding by which it has agreed to make capital contributions of £1,772,000 towards the cost of the Barking Learning Centre. The college has exclusive use of parts of the building for the purposes of delivering a range of courses and shares common services with other users, London Borough of Barking & Dagenham and University of East London for a period of not less than twenty years.

Barking & Dagenham College
Notes to the Accounts (continued)

14 Trade and other receivables

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Amounts falling due within one year:				
Trade receivables	1,659	1,549	2,093	2,037
Amounts owed by group undertakings:				
Subsidiary undertakings		51	-	134
Prepayments and accrued income	118	117	297	296
Amounts owed by the ESFA	-	-	-	-
Total	<u>1,777</u>	<u>1,715</u>	<u>2,390</u>	<u>2,467</u>

15 Creditors: amounts falling due within one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans and overdrafts	215	215	161	161
Trade payables	2,573	2,236	486	195
Other taxation and social security	0	0	16	10
Accruals and deferred income	1,394	1,445	2,339	2,473
Deferred income - government capital grants	1,367	1,367	1,286	1,286
Deferred income - government revenue grants	959	959	1,301	1,301
Receipts in advance	95	75	94	94
Amounts owed to ESFA/GLA	681	681	522	522
Total	<u>7,284</u>	<u>6,976</u>	<u>6,205</u>	<u>6,042</u>

Barking & Dagenham College
Notes to the Accounts (continued)

16 Creditors: amounts falling due after one year

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
Bank loans	2,903	2,903	3,118	3,118
Deferred income - government capital grants	17,082	17,082	16,226	16,226
Total	<u>19,986</u>	<u>19,986</u>	<u>19,344</u>	<u>19,344</u>

17 Maturity of debt

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
In one year or less	215	215	161	161
In five years or more	2,903	2,903	3,118	3,118
Total	<u>3,118</u>	<u>3,118</u>	<u>3,279</u>	<u>3,279</u>

18 Provisions

	Group and College		
	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2022	1,252	-	1,252
Expenditure in the period	(184)	-	(184)
Transferred from income and expenditure account	-	-	-
At 31 July 2023	<u>1,068</u>	<u>-</u>	<u>1,068</u>

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

The principal assumptions for this calculation are:

	2023	2022
Price inflation	2.80%	2.90%
Interest rate	5.00%	3.20%

Barking & Dagenham College
Notes to the Accounts (continued)

19 Revaluation Reserve

	College 2023 £000's	Group 2023 £000's	College 2022 £000's
As at 1 August 2022	5,086	5,086	5,086
Transfer on revalued assets	-	-	-
As at 1 August 2023	<u>5,086</u>	<u>5,086</u>	<u>5,086</u>

20 Cash and cash equivalents

	At 1 August 2022 £'000	Cash flows £'000	Other changes £'000	At 31 July 2023 £'000
Cash and cash equivalents	4,663	1,518	-	6,181
Overdrafts	-	-	-	-
Total	<u>4,663</u>	<u>1,518</u>	<u>-</u>	<u>6,181</u>

21 Capital commitments

	Group and College	
	2023 £'000	2022 £'000
Commitments contracted for at 31 July	<u>406</u>	<u>107</u>

22 Income and expenditure account reserve

	Group 2023 £'000	College 2023 £'000	Group 2022 £'000	College 2022 £'000
At 1 August	24,730	24,891	6,667	6,861
Deficit retained for the year	(656)	(477)	(2,352)	(2,385)
Transfer from revaluation reserve	-	-	-	-
Restricted reserves			971	971
Actuarial Gain	464	464	19,444	19,444
At 31 July	<u>24,538</u>	<u>24,878</u>	<u>24,730</u>	<u>24,891</u>
Balance represented by:				
Pension reserve	-	-	-	-
Income and expenditure account reserve excluding pension reserve	24,538	24,878	24,730	24,891
At 31 July	<u>24,538</u>	<u>24,878</u>	<u>24,730</u>	<u>24,891</u>

Barking & Dagenham College Notes to the Accounts (continued)

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 the London Borough of Barking & Dagenham. 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 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2023 £'000	2022 £'000
Teachers Pension Scheme: contributions paid	1,358	1,558
Local Government Pension Scheme:		
Contributions paid	1,417	1,340
FRS 102 (28) charge	<u>464</u>	<u>2,076</u>
Charge to the Statement of Comprehensive Income	1,881	3,416
Enhanced pension charge to Statement of Comprehensive Income	(184)	(323)
Total Pension Cost for Year within Staff Costs	<u><u>3,055</u></u>	<u><u>4,651</u></u>

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 2013.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

Barking & Dagenham College
Notes to the Accounts (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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

The employer pensions costs paid to TPS in the year amounted to £1.358m (2022: £1.558m)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by London Borough of Barking & Dagenham Local Authority . The total contribution made for the year ended 31 July 2022 was £1,714m, of which employer's contributions totalled £1,443m and employees' contributions totalled £0.270m. The agreed contribution rates for future years are 21.40% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2023 by a Barnett Waddingham.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	1.00%	1.00%
Pension Increases (CPI)	2.85%	2.75%
Discount rate for scheme liabilities	5.15%	3.40%
Inflation assumption (CPI)	2.85%	3.45%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 July 2023	At 31 July 2022
	years	years
<i>Retiring today</i>		
Males	20.60	21.10
Females	23.30	23.60
<i>Retiring in 20 years</i>		
Males	21.90	22.30
Females	24.90	25.10

Barking & Dagenham College
Notes to the Accounts (continued)

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

		Fair Value at 31 July 2023 £'000		Fair Value at 31 July 2022 £'000
Equities	84.00%	37,377	86.00%	37,353
Bonds	10.00%	4,471	12.00%	5,074
Property	4.00%	1,779	5.00%	2,008
Cash	2.00%	790	-2.00%	(765)
Total market value of assets		<u>44,417</u>		<u>43,670</u>
Weighted average expected long term rate of return	5.80%		5.80%	
Actual return on plan assets		<u>2,576</u>		<u>2,533</u>

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

	2023 £'000	2022 £'000
Fair value of plan assets	44,417	43,670
Present value of plan liabilities	(44,417)	(43,670)
Present value of unfunded liabilities	-	-
Net pensions asset (Liability)	<u>-</u>	<u>-</u>

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

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	1,841	3,091
Past service cost	-	-
Total	<u>1,841</u>	<u>3,091</u>

Barking & Dagenham College
Notes to the Accounts (continued)

Amounts included in investment income

Net interest income	1,464	979
	<u>1,464</u>	<u>979</u>

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(1,428)	(1,568)
Experience losses arising on defined benefit obligations	(5,483)	-
Changes in demographic assumptions	70	-
Changes in assumptions underlying the present value of plan liabilities	7,372	21,012
Other actuarial gain loss	<u>(67)</u>	<u>-</u>
Amount recognised in Other Comprehensive Income	<u>464</u>	<u>19,444</u>

23 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit (liability/asset during the year

	2023	2022
	£'000	£'000
Surplus/(deficit) in scheme at 1 August	-	(17,368)
Movement in year:		
Current service cost	(1,841)	(3,091)
Employer contributions	1,369	1,340
Past service cost	-	(34)
Curtailements	(17)	-
Net interest on the defined (liability)/asset	25	(291)
Actuarial gain or loss	464	19,444
Net defined benefit asset/ (liability) at 31 July	-	-

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	43,670	61,745
Current Service cost	1,841	3,091
Past Service cost		34
Interest cost	1,464	979
Contributions by Scheme participants	417	397
Experience gains and losses on defined benefit obligations	5,483	-
Changes in financial assumptions	(7,372)	(21,012)
Estimated benefits paid	(1,257)	(1,562)
Changes in demographic assumptions	(70)	-
Unfunded benefits	(2)	(2)
Liabilities assumed / (extinguished) on settlements	243	-
Defined benefit obligations at end of period	44,417	43,670

Reconciliation of Assets

Fair value of plan assets at start of period	43,670	44,377
Interest on plan assets	1,513	711
Return on plan assets	(1,428)	(1,568)
Other actuarial gain or losses	(67)	-
Employer contributions	1,369	1,340
Contributions by Scheme participants	417	397
Estimated benefits paid	(1,259)	(1,564)
Admin expenses	(24)	(23)
Settlement prices received/(paid)	226	-
Fair value of plan assets at end of period	44,417	43,670

24 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.

Broadway Theatre

During the year ending 31 July 2023 the College paid £100,000 (2022: £100,000) towards the cost of meeting common services with other users. These are not repayable to the College and have been charged as a cost in the College's accounts.

Barking Learning Centre

During the year ending 31 July 2023 the College paid £116,016 (2022: £90,503) to Barking Learning Centre as a contribution to operating costs. These are not repayable to the College and have been charged as a cost in the College's accounts.

25 Amounts Disbursed as an agent - Learner support Funds

	2023 £'000	2022 £'000
16-18 bursary grants	441	429
Roll over from previous year	58	67
	<u>499</u>	<u>496</u>
Disbursed to students	(430)	(416)
Administration costs	(22)	(22)
	<u>(452)</u>	<u>(438)</u>
Balance unspent as at 31 July, included in creditors	<u>47</u>	<u>58</u>