Learning | Training | Employment

FINANCIAL STATEMENTS

31 JULY 2021

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the Executive Team and were represented by the following in 2020/21:

John Thornhill
CEO/Accounting Officer

Lisa O'Loughlin
Principal, The Manchester College and UCEN Manchester (Executive Lead for Total People/MOL until 9 August 2020)

Angela Hunter
MD Group Operations

Peter Cox
Managing Director Novus / Group Lead for Bids and Tenders, LTE Group

Rob Cressey
Chief Finance Officer

Melanie Nicholson
Managing Director Total People Limited / Exec Lead MOL (from 10 August 2020)

Jennifer Foote MBE
Company Secretary & General Counsel

Board of Governors

A full list of Governors is given on page 48 of these financial statements.

During 2020/21, the Board of Governors was supported by a cohort of Co-optees, who were appointed to enhance the Board's knowledge, expertise and range of skills on key projects. A full list of Co-optees is given on page 49 of these financial statements.

Mrs Jennifer Foote MBE acted as Clerk to the Board of Governors throughout the year.

Registered office:

Openshaw Campus & Administration Centre, Ashton Old Road, Manchester, M11 2WH

PROFESSIONAL ADVISERS

External auditors:

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Internal auditors:

RSM Risk Assurance Services LLP
9th Floor
3 Hardman Street
Manchester
M3 3HF

Solicitors:

Mills & Reeve LLP
No. 1 Circle Square
3 Symphony Park
Manchester
M1 7FS

Addleshaw Goddard
1 St Peter's Square
Manchester
M2 3DE

DAC Beachcroft
3 Hardman Street
Manchester
M3 3HF

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

Bankers:

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Manchester City Centre Branch
11 Spring Gardens
Manchester
M2 1FB

Santander UK PLC
4 St. Paul's Square,
Liverpool
L3 9SJ

CONTENTS

STRATEGIC REPORT
NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2021.

Legal status

LTE Group is a statutory corporation established under the Further and Higher Education Act 1992 (statutory instrument 2008 No. 1418). LTE Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The operating divisions of the Group are Novus (delivering learning and skills in custodial settings), The Manchester College (Further Education delivery), UCEN Manchester (Higher Education delivery), Total People (Work Based Learning), MOL (blended distance learning) and LTE Group Operations.

LTE Group includes Total People Holdings Limited ("Total People"), an independent training provider, which was acquired on 31 July 2015, Novus Cambria, a joint venture with Coleg Cambria, which was established on 29 September 2016 and LTE Professional Services Limited ("LTE Professional Services"), a provider of information and communications technology services and equipment, which was incorporated on 30 July 2019.

For the purposes of these financial statements, the results of the parent undertaking – i.e. excluding subsidiaries Total People and Novus Cambria – are referred to as the "Corporation". Reference to "the Group" in this document means LTE Group, while the further education (FE) and higher education (HE) businesses will be referred to as The Manchester College and UCEN Manchester where appropriate.

The Key Performance Indicators

A series of key performance indicators have been agreed to monitor the successful implementation of the Group objectives.

The Group is committed to observing the importance of sector measures and indicators. The Group is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Group is assessed by the ESFA as having a "Good" financial health grading. The current rating of Good is considered an acceptable outcome and maintains a 9th year of a good rating with the key funding agency.

Indicators include: Financial health measures/benchmarks; Contract performance; Learner success rates, educational quality indicators and employer/learner feedback.

Financial health score:

RATIO		2019/20	2020/21	2020/21 budget
Adjusted current ratio*		1.92	1.13	1.43
EBITDA as % to income – education specific		7.22%	8.15%	7.75%
Borrowing as % to income		31.81%	30.71%	36.90%
	Score	Good	Good	Good

*The adjusted current ratio (as defined by the ESFA) is calculated by dividing current assets (excluding restricted cash from disposal of fixed assets held for future reinvestment and assets held for resale) by current liabilities (excluding deferred capital grants and holiday pay accruals).

Contract performance

The table below shows, for each of the Group's main funding body grants, the actual contract performance (for the ESFA contracts this is the final ILR – R14) compared to the contract allocation:

FUNDING STREAM	2020/21	
	Current Actual – (for the ESFA contracts this is the final ILR - R14)	Contract Allocation
ESFA programme funding (16- 18 and 19-24 students with an LDA or EHCP) – note 1	£27,128,295	£27,310,439
Adult Education Budget (Incl. ALS, DLSF) – note 2	£15,102,089	£15,558,369
PEF Contract – note 3	£58,586,839	£63,747,201
Other Prison Contracts – note 3	£16,984,145	£17,339,594
Total People - Non-Levy Apprenticeships	£6,086,801	£3,080,489
Total People - Apprenticeships Carry-In	£356,904	£356,904
Total People - Adult Education Budget	£398,049	£563,565
Total People - 16-19 Education	£1,050,242	£1,621,336

1. The full contract for ESFA 16-19 grants is £36.1m. This comprises the programme funding as above and includes high needs, additional targeted grants (Teachers' Pension Scheme and Capacity Development Fund) and learner support funding.

   16-18 Classroom Learning – There was a 101.2% achievement of the ESFA learner number target and a 99.3% achievement of the programme-funding target.

2. The full contract for Adult recurrent grants is £18.1m; the contract performance

includes 'Adult Discretionary Learner Support Funding and Additional Learning Support'. The majority is from the Greater Manchester Combined Authority, with a small value from ESFA for learners who are resident outside of a devolved area.

Adult Education Budget (R14) – There was a 97.0% achievement of the Adult Education Budget (including Discretionary Learner Support) allocation. However, the GMCA contract achieved 98.5% and the majority of the shortfall is in the non-devolved AEB from the ESFA.

3. The contract period for the Prison Education Framework (PEF) is April to March; therefore, the table above shows the final value for year 2 of the PEF Contract i.e. the period 1st April 2020 to 31st March 2021. Delivery was largely suspended for contract year 2 and payments were made under emergency COVID-19 regulations on a Cost Plus basis. While not reflective of performance, the funding received for contract year 2 is equivalent to 92% of the contract allocation. Rather than being based on delivery, COVID-19 relief and Cost Plus funding mechanisms are to cover costs. As costs were lower in 2020/21 due to restricted regimes, we have claimed £5m less than original maximum contract value.

   All other contract income has been recognised in line with COVID-19 Relief guidance or in line with interim agreed delivery models.

4. Non-Levy Apprenticeships contract allocations for 2020/21 do not reflect non-procured Levy paying activity, as this is not delivered on a government contract basis.

Success Rates Table

DIVISION / SUBSIDIARY	AGE	LEVEL	EDUCATION AND TRAINING - OVERALL ACHIEVEMENT (SUCCESS) RATE		
			2018/19	2019/20	2020/21
The Manchester College – note 1	16-18	All Levels	89.0%	90.9%	91.8%
The Manchester College – note 1	19+	All Levels	93.5%	94.7%	91.9%
The Manchester College – note 1	All Ages	All Levels	91.7%	93.0%	91.9%
UCEN – note 2	All	All	83.8%	84.6%	85.5%
Novus (OLASS) – note 3	-	Prison Education	95.0%	-	-
Novus (Youth) – note 3	14-18	Prison Education	-	93.0%	86.0%
Novus (PEF) – note 3	18+	Prison Education	-	89.0%	84.7%
MOL - CIPD	All	All	91.2%	94.5%	91.0%
MOL - CPL	All	All	82.0%	87.0%	92.0%
MOL - CMI	All	All	100%	100%	100%
Total People – note 4	-	Apprenticeships	65.2%	-	-

2018/19 is National Achievement Rate Table Data.

The NARTs are summary indicators of performance in apprenticeships and education and training. Individual providers use the data to benchmark their own targets and actual performance. Due to COVID-19 the achievements for 2019/20 will not be published as advised by the ESFA. In addition, the ESFA confirmed that the data will not be used by others, such as Ofsted, local authorities or devolved authorities or within ESFA and DFE, to hold institutions to account.

1. There are currently 67 outstanding results due to delayed assessment and issues related to COVID-19. The confirmation of additional results would have a minimal impact on the overall achievement figures, though this could push the all ages achievement rate to 92.0%.
2. HE performance indicator final rate is complete and is an improvement for the second successive year at 85.5%, compared with 84.6% in 2019/20 and 83.8% in 2018/19. Like the majority of HE providers operating during the COVID-19 pandemic, the 2020/21 UCEN Manchester National Student Survey (NSS) score of 67% is lower than in previous years. This lower NSS satisfaction score is reflected across the sector (and in GM) and signals a year where much of the delivery was online.
3. 2019/20 data included the ending of the Offender Learning and Skills Service (OLASS) contracts and procurement of PEF, consequently a direct year on year comparison does not exist. For meaningful year-on-year analysis, for 2018/19, only sites retained are included within the data set.

   In 2020/21 access and delivery to learners was much reduced in the adult estate and there has been a very gradual ramp up in delivery. Therefore the comparison to 2019/20 is not a direct one as the 2020/21 rates are based on fewer learners.
4. Due to the impacts of COVID-19 on Apprenticeship provision in 2019/20 and 2020/21, the ESFA will not be publishing Overall Achievement Rates at Provider level for these years.

The above table includes all classroom-based provision.

COVID-19 impacts – Resilience during a time of crisis

In July last year we set out a very different plan for 2020/2021. Our environment was characterised by huge uncertainty, risk and challenge. With the help of the board we set out a plan to deliver a safe working environment for our learners and employees, a sustainable way forward with planned contingencies and committed to some very significant new investment projects. We have successfully steered our people and organisation through the most turbulent year, our management of risk and planning for contingencies has been first rate, our delivery and offer remain very strong, our financial performance is ahead of plan and the largest investment projects in the UK FE sector remain on track.

Whilst all of this is hugely positive and shows very strong foundations for the future, it has also been a herculean effort, the level of overlay work and extra demands are huge and the transition back to some form of normality will present another raft of challenges and extra work. It is for these reasons that we have agreed with the board a "transition" plan for the year ahead. So that we allow our people, teams and the wider organisation some time to breathe and adjust sensibly and pragmatically to working differently.

It is clear that there will be a legacy from COVID-19 in all areas of the Group that will take some time to unwind. There will be a plethora of catch up or adjustment initiatives for our teams to grapple with as well as supporting our people through a transition back to the workplace either physical, virtual or both.

We know that there are already planned a series of catch-up initiatives for schools and Colleges, a backlog nationally of circa 100k of apprentices that cannot yet complete their qualifications, an extended period for Novus working with MoJ on interim arrangements, and uncertainty about how HE learners will respond in the autumn.

Whilst these things evolve, society and the economy stabilise, the reform agenda from FE, to Prison Education and vocational qualifications continues to gather pace and momentum. There remains a fair degree of uncertainty until the end of the calendar year.

Overall, the organisation has remained resilient. Throughout the pandemic, contingencies, business continuity systems and processes with organisational flexibility have worked well. The outlook for recovery remains broadly positive, despite the obvious challenges of returning to some form of normality,

Public Benefit

LTE Group 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 Board of Governors, who are trustees of the charity, are disclosed on page 48.

In setting and reviewing the Group's strategic objectives, the Board of Governors 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 Group provides the following identifiable public benefits through the advancement of education:

- High-quality teaching and provision of apprenticeships from Level 2 to Level 7
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Implementation of the Manchester and Greater Manchester Skills Strategy
- Links with Local Enterprise Partnerships (LEPs), especially in Lancashire, Cheshire and Merseyside
- Reducing re-offending and increasing rehabilitation of offenders
- Strong ongoing Gross Value Add (GVA) impact and support for inclusive growth
- Investment in educational facilities for mandatory public education in Manchester

STAKEHOLDER RELATIONSHIPS

In line with other large education and skills groups, LTE Group has many stakeholders. These include:

- Students, apprentices, and working professionals
- Customers – including government departments (e.g. MoJ), national employers, SMEs, and fee paying individuals
- Education sector funding bodies and standards agencies e.g. DfE, Ofsted, Office for Students (OfS), Quality Assurance Agency (QAA), Institute for Apprenticeships and Technical Education (IFATE)
- Staff and trade unions
- Local authorities, devolved government, metro mayors and elected members of parliament
- Local Enterprise Partnerships (LEPs) and Chambers of Commerce
- The local communities and community groups
- Collaborative partnerships; FE working groups; national bodies e.g. Association of Colleges (AoC), Association of Employers and Learning Providers (AELP), Collab Group
- External funding partners
- Strategic partnerships e.g. joint ventures

LTE Group recognises the importance of these relationships and engages in regular communication with them through the Group's digital channels, meetings and regular collaboration on projects and initiatives. The Group, as part of a commitment to wider good governance, regularly submits itself and its operations to external scrutiny and review by elected members.

Mission

The Strategic Vision for the Group:

"To improve lives and economic success through learning and skills"

INTEGRITY – honest, open and trustworthy

ONE TEAM – we collaborate, respect each other and contribute to team goals

'CAN DO' – positive, inclusive, flexible and proactive

ALWAYS IMPROVING – forward thinking, innovating and taking ownership

SUSTAINABLE – we take a long term view, environmentally, financially and socially

Implementation of strategic plan

In May 2020, the Board approved an updated approach to the Group's strategic plan, Vision 2025. In response to the impacts of COVID-19, a revised view of our baseline was required for the first year of the next 5 year plan. This view was developed through strategic workshops in May 2021 and ratified at the July 2021 Group Board. This plan takes a "Transition year" approach to 2021/2022, for operating in an extended COVID-19 environment.

The "Transition year" plan provides for a greater level of central contingency than in a normal year and enables key elements of future strategy to progress, such as the estates infrastructure programme, significant investment in digital learning and in further accreditations for cyber security and ISO45001 for health and safety.

Our new Group strategic vision out to 2026/7 is being developed over the Autumn of 2021 with our Board and will comprise a more immediate 3 year period to 2025, then a further two years to 2027. This will take account of the post-COVID-19 environment and the new considerations of the FE White Paper, ongoing apprenticeship reform and any upcoming changes to Prison Education. It will be informed by further clarity and iterations of regional and national policy e.g. local industrial strategies and a post-Brexit view It also builds on the achievements of the previous 2016 vision and plan, which blended the combined strengths and assets of the Group in a single vision.

Each of the Group's six Business Units has developed a strategic plan to support and inform the development of the Group's strategic plan. The Group has also developed enabling strategies linked to the Strategic Plan in respect of the 'Group Estates Strategy' and, the 'People Strategy'.

Our strategic aim is to be a nationally recognised leader in education and skills by 2025 and continuing to deliver on our mission to improve lives and economic success through learning and skills. We will focus on delivering our group-wide KPIs and a range of key strategic projects and initiatives to our learners, students, customers, employers and stakeholders.

As we look forward to 2025, a number of strategic themes are emerging, all of which we are responding to in the development of this strategy:

- **Quality Focus -** Quality in all forms of delivery is a primary focus for the Group. Since 2016, a number of quality agendas have emerged – what is clear for our strategic development, is that we need to connect these agendas across the Group. From FE learners, to apprentices, offenders in prisons, undergraduates and professional learners, significant gains have been made in each of these areas. Through our next strategic plan we will build further on these strong developments.
- **Gross Value Add -** Improving the lives and economic success of learners through education and skills creates a wide range of value, added through a number of areas. The economic value is substantial; the uplift in skills levels and access to better wages will contribute £1.2bn of economic benefit over the period of our plan.
- **Financially Sustainable -** Maintaining financial sustainability over the past 8 years is a cornerstone of our strategy – with it comes the confidence to commit to the biggest plans for estates development in the sector.
- **Environmental Sustainability -** We are acutely aware of our responsibility in this strategic area; through our business areas and their impact on their environment, both direct and indirect. We are building an overall group approach to sustainability covering energy usage, carbon footprint, Building Research Establishment Environmental Assessment Method (BREEAM) standards in our new facilities, recycling of waste and ensuring that the tens of thousands of young people and adults each year who learn with us are advocates of this. We will develop a group-wide approach to sustainability enabling our colleagues and students to contribute to the issues that affect us all. Greater integration with public transport, and, where possible, more developments of hybrid working will all support a lower carbon footprint.
- **Employer/Industry relevant -** All our programmes are now developed to be relevant, up-to-date and aligned to skills needs and the needs of employers and customers.

Despite the continuing challenges of COVID-19, going forward the Board remains committed to progressing some, but not all, of our key strategic ambitions.

The Group's strategic objectives to 2025 are to:

- To successfully deliver our national prison education contracts to 2025 and beyond, and to remain the Ministry of Justice (MoJ) partner of choice for this activity in the UK.
- To successfully deliver a step change investment in digital learning technology to more than half of the prison estate.
- To grow and develop our partnership and joint venture arrangements in the Justice Sector to support rehabilitation and reduced reoffending.
- To further develop our internal and external digital offer from embedding more digital delivery in teaching, learning and assessment, to enabling more flexible working for colleagues through the use of technology.
- To extend the remit and impact of our central group operations function to enable continuous improvement, organisational learning and ongoing efficiency.
- To complete the largest investment in FE infrastructure for many years through the creation, build and extension of leading edge facilities and centres of excellence for The Manchester College.
- To enable sufficient capacity, for delivery of quality at scale at The Manchester College to support a 26% growth in population over the period of the strategic plan.
- To embed further developments on Technical & Professional education across the Group with T levels, growing work experience, degree level apprenticeships, and extending work experience to levels 4, 5 and 6.
- To maintain good to outstanding quality in all units across the Group with strong and sustainable financial performance.
- To grow our direct delivery in Total People and reduce subcontracting, to respond to the funding constraints for SMEs through promoting greater "levy gifting" and, where practical, to grow our work with levy-based employers.
- To further extend our offer in MOL to new industry sectors and to grow our proportion of digital only delivery.
- To build on our work since 2013, and further respond to changing stakeholder and customer demand, through innovative new offers in adjacent sectors.
- To adequately balance risk and opportunities though periods of political change and structural change driven by external factors e.g. evolving pension landscape.

Despite the continuing challenges of COVID-19, the Group is on target for delivering these objectives.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

LTE Group financial health grading with the ESFA is Good, and has been for the past 9 years. Group banking facilities in support of this grading show a positive cash balance of £20.4m (2020: £33.5m) at year end and total debt (including finance leases) owing of £49.4m (2020: £51.7m). There have been no significant events that have adversely affected financial health, for example notices of concern or recovery plans in place.

NOVUS
FOUNDATIONS FOR CHANGE ®

In 2020/21, the Group, via its brand Novus, remains the largest provider of offender learning and skills in England and Wales. Novus continues to deliver in 7 PEF Lots across England from Tees & Wear to London, the Young People's Estate and in Wales at HMP Berwyn through Novus Cambria.

Novus continues to build on its specialism in delivering programmes to offenders working collaboratively with HMPPS, New Futures Network, Probation and wider stakeholders with a focus on meeting the needs of offenders and facilitating progression in custody and on release.

Novus has developed significant capacity, experience, expertise and technical knowledge through a dedicated local and national infrastructure that facilitates a responsive and innovative service based on individuals' needs aligned to service specification.

Throughout 2020/21 the impact of COVID-19 has resulted in interruptions to service due to operational restrictions such as reduced access to learners and implementing new and safe ways of working in response to changes in Government guidance and local operating requirements. This change in service delivery and volumes has been recognised and suppliers in receipt of relief payments and payments to facilitate a planned transition back to BAU. During this period changes have been implemented with some performance measures suspended either partially or fully and increased emphasis on quality of service and responsiveness.

Local and Lot teams have responded well to the challenges adapting the service in response to change in guidance and conditions through adapted delivery models including distance learning, and partial face to face delivery.

During 2020/21, we have continued to work collaboratively with MoJ and Her Majesty's Prison and Probation Service (HMPPS) throughout the COVID-19 pandemic to implement interim operating models ensuring a safe delivery environment. For adult provision we have implemented a blended learning approach, for young people an adapted face to face delivery model has been developed to achieve continuity of learning. In recognition of his work at HMP Pentonville, Novus tutor Jose Aguir won a Butler Trust Commendation and a Tutor Award at the Festival of learning.

Following the introduction of the Education Inspection Framework (EIF) in England Novus no longer receives a provider inspection grade, as prisons are judged on overall effectiveness. In the absence of a full inspection regime Prison Monitoring Visits (PMVs) have taken place ensuring that prisons and providers are progressing well with transition plans whilst maximising learner access and opportunities.

Our Novus Works team have continued to support learners into employment by adapting our delivery model from support in custody to support in the community alongside the facilitation of virtual employer events. This has enabled us to support over 200 learners into employment or voluntary work and over 150 into further training. The relationships and partnerships Novus has developed has been a key factor in this achievement, including our relationships with Greene King and The Right Course.

Greene King and Novus have been successfully working together since January 2019 on Greene King's Releasing Potential – an employment programme for ex-offenders.

To build on the success of the partnership we are developing the introduction of a Greene King Academy. The model will see our sites across the country developed into Centres of Excellence for a hospitality and catering pathway. This exciting opportunity will enhance our offer to learners, providing them with the skills and learning to build a positive future for themselves, their families and communities.

Expected Outcomes

- Promote a seamless transition from working in a prison restaurant/kitchen to a Greene King restaurant.
- Create a talent pool of well trained and prepared individuals who are aware of the expectations of working in the hospitality and catering industry.
- Sustained employment outcomes.

The Escape Café and Restaurant is a collaborative project between Novus, HMPS Wormwood Scrubs and The Right Course (a charity set up by Fred Sirieux), providing industry standard work experience (led by the prison), high quality learning programmes (led by Novus), additional training and industry insight, along with employment opportunities on release (jointly led by Novus and The Right Course).

Novus Works will support learners to produce a CV to capture the knowledge and skills gained together with interview practice. Novus Works and The Right Course will then work together to source hospitality and catering employment opportunities on release, building upon Novus Works' partnerships with employers such as Greene King.

Alongside relationships with employers Novus has worked closely with organisations such as Tate Liverpool. Since 2017 Novus has been collaborating with Tate Liverpool as part of their family learning programme and in December 2020 we ran an on online event, Tate Exchange Showcase "A future I can love" to exhibit the work of learners– this was an unprecedented cross-platform digital showcase that spanned Novus and Tate websites and engaged key stakeholders, from the MoJ and HMPPS, prison governers, learners and external arts and justice stakeholders.

Novus continues to actively bid for new work including activity let by the MoJ under the Prison Education Dynamic Procurement System (PEDPS) and has a strategic pipeline of projects, which includes Ministry of Justice programmes for Prison Estate Transformation Programme (PETP), and re-contracting of education provision in the Young People's estate.

Novus Cambria continues to perform strongly, with positive recognition from HMPPS Wales and Welsh Government. Its most recent Estyn inspection found education to be overall "Good" with Teaching and Learning, graded 'Excellent'. In 2021 Novus Cambria's education department "Coleg Berwyn" received a "whole college" Inspire! Tutor Award from the Wales Learning and Work Institute.

The Manchester College®
be amazing

In 2020/21 the College has delivered activity that has generated £43.6m (ESFA and GMCA Funding Contracts) in funding body main allocation funding (2019/20: £40.7m). The College delivered approximately 41,439 (2019/20: 37,529) funded qualifications and approximately 4,245 (2019/20: 4,272) non-funded qualifications.

Students continue to prosper at the College. Education and Training Success rates using ESFA methodology are expected to achieve an estimated result above 92% (final results delayed due to COVID-19, circa 67 outstanding achievements).

In 2020/21, due to Teacher Assessed Grades the National Achievement Rate (NARTS), data was not released. However, the College continued to deliver excellent results with further improvements in achievement rates made. The Manchester College maintained its place as the No1 place for learners in Greater Manchester (GM) and in the top 10% nationally (no published data in 2020/21).

An Ofsted inspection was carried out at The Manchester College in January 2019 with a 'Good' rating in all seven of the graded categories, and a 'Good' rating overall. This mirrors the College's self-assessment rating of 'Good'.

The College continues to offer a broad range of further and higher education curriculum, which both supports the local communities and compliments the Greater Manchester skills priorities; from Entry Level courses through to Higher Education degrees. Throughout 2020/21 curriculum teams have introduced new courses to accommodate employer demand and funding changes. The planning for T Levels and Transition courses has been well planned and recognised as good practice across the country. The introduction of the Industry Excellence Academy (IEA) has provided an opportunity for young people to apply for a course with significant employer contribution at both Level 2 and Level 3. There are now in excess of over 30 employer-developed and sponsored programmes. Due to COVID-19 work placements were postponed and the team quickly introduced virtual placements within every curriculum area.

The pandemic had a significant impact on work placements. However, our employer engagement and involvement in curriculum development continues to grow. The many successes of our work with employers has been recognised and shared with both Grade 1 Colleges and those requiring improvement. In addition, the College was awarded a Beacon Award and a TES award for its work with employers. The introduction of the Industry Employer Partnership strategy has seen outstanding collaboration with employer boards. Employers are now influencing the curriculum offer and sequencing of learning greatly, ensuring we are industry ready.

For 2020/21, The Manchester College work experience placements were approx. 2700, this included high quality Virtual Work Experience in line with the study programme guidance, further continuing our leading position for employability and readiness for work (the number of opportunities is slightly down from the previous year which reflects the length of time in lockdown and local restrictions). However, a high number of opportunities and partnerships were sustained. This number includes the Industry Placements required as part of the Capacity and Development Fund project in preparation for T Levels.

Due to the excellent implementation plans in place for T Levels in 2021/22, the College has been successful in its application to offer further T Levels and Transition courses for 2023 in Business, Digital Support and Engineering.

In 2020/21, the College's GCSE students celebrated the achievement of the College's best ever pass rate in English and maths. Whilst these were Teacher Assessed Grades the quality improvements implemented, CPD for staff and where needed performance management played a large part in the overall improvements in the data.

Other successes include:

- This year the College was nominated and short listed for a number of awards including in several Beacon award categories, and in the Times Educational awards and Educate Awards categories.
- The College won the Employer Engagement TES Award category during the digital awards evening which recognises strategic and innovative approaches to delivering employers' workforce development needs during the 2019-20 academic year. The College was deemed the winner due to its work to establish the Industry Excellence Academy and its ongoing partnerships with employers to deliver co-created and co-delivered study programmes.
- The Logistics department was nominated for the Logistics Award due to its proven track record of collaboration with the Department of Work and Pensions (DWP) in getting people back into work, particularly in developing the LGV drivers and taxi drivers of tomorrow.
- An innovative Employability Bootcamp by The Manchester College and Ideas Foundation has won a prestigious MPA Inspiration Award for its innovative approach to gaining valuable industry experience for students.
- The Manchester College (@TheMcrCollege) has been awarded the new NNECL Quality Mark, for the inclusion and success of care experienced students.
- The Manchester College has once again received the full Matrix Quality Accreditation for our work around Careers and Employability.
- The Manchester College and UCEN Manchester were shortlisted in four categories at the Manchester Adult Education and Skills Awards.

Some examples of student successes this year are:

- Outstanding achievement from Jamie-Louise Lucas who is off to study Law at the University of Oxford thanks to her outstanding A-Level results; A* in English Literature, A* in Psychology and A in History.
- Jeneve Hines-Braham will study English at the University of Cambridge after passing her Access to HE in English, Writing and Media course, delivered in partnership with the College's higher education partners UCEN Manchester.
- Six members of Everything & You are all studying Level 3 Music Production at the College's Industry Excellence Academy for Music. They originally formed the band in September 2020 as part of a project but have remained together ever since. In May, the band released their debut album 'Passion After Midnight', a remarkable achievement given that it was recorded entirely during lockdown.
- Olympic Silver – Ellie Challis who studied patisserie in the Manchester College's Industry Excellence Academy for Hospitality & Catering represented Team GB at the delayed 2020 Paralympic Games in Tokyo. Ellie has spent the past year balancing her studies, firstly with earning her place on the team with a good performance at the British Swimming Selection trials, and then with getting in the best shape possible for Japan and finally being awarded a Silver medal.
- A group of students at The Manchester College's Industry Excellence Academy for Construction & Engineering are helping to build part of their own campus thanks to an Industry placement scheme with Caddick Construction.

In January 2018, the Group launched a new and unique Higher Education offer - UCEN Manchester - which has continued to recruit strongly in an increasingly competitive market. UCEN Manchester has established itself as a strong alternative offer in GM for higher education (HE) and aims to be one of the first providers in the country to introduce Higher Technical Qualifications (HTQs) to increase and improve Level 4 and 5 provision.

UCEN Manchester has added more new programmes and recently completed a comprehensive portfolio review to inform future curriculum strategy. This will include involvement in the development of the new Higher Technical Qualifications (HTQs) recently proposed by government as a clear progression route from T Levels, along with the development of part-time and modular courses to meet the skills need identified by the Greater Manchester Industrial Strategy.

UCEN Manchester has relatively quickly achieved Teaching Excellence Framework (TEF) Silver status and has achieved National Student Survey (NSS) results comparable or better than many universities. As with the majority of HE providers operating during the COVID-19 pandemic, the 2020/21 UCEN Manchester National Student Survey (NSS) score of 67% is lower than in previous years. This lower NSS satisfaction score is reflected across the sector (and in GM) and has resulted in a lower national NSS satisfaction average score.

The curriculum offer is subject to ongoing review and a new UCEN Manchester Strategy will be launched during 2021/22. This will be focused on preparing students for careers rather than just courses and ensuring future employability. In 2019/20 the new 'Be HE' strategy was launched with staff to create a genuine HE culture and ethos within the organisation and work towards that will continue this year with the creation of a new curriculum structure for UCEN Manchester.

A number of the academic schools within UCEN Manchester are developing national reputations, notably The Manchester Film School and The Arden School of Theatre.

In 2020/21 UCEN Manchester delivered 1,314 qualifications (2019/20: 1,308 qualifications).

HE fees and advanced learner loans are areas of anticipated growth as part of the estates strategy and new city centre site.

Planning for future periods for The Manchester College and UCEN Manchester is through an annual robust business planning process and aligns to the strategic plan and estates strategy. The annual planning includes the use of a curriculum planning tool, using knowledge of historic trends, local skills priorities, our strategy and demographic data when planning student recruitment. The curriculum plan is then used to determine the resources required to deliver the planned curriculum, identifying areas for cost saving or investment, and highlighting where efficiencies need to be made.

COVID-19 lockdown from March 2020 impacted delivery of courses in 2019/20 and 20/21 with the majority switching to online delivery, returning to a more traditional approach for 2021/22.

UCEN Manchester won the 'Student Support' Award at the WhatUni? Student Choice Awards 2021 in recognition of the fantastic support offered to students throughout the COVID-19 pandemic.

Tutors and students at the College and UCEN Manchester played their part in the fight against COVID-19 by producing Personal Protective Equipment (PPE) for NHS colleagues.

The items produced included protective visors and ear guards for face masks, and recipients included an infectious diseases doctor at a London hospital, a GP surgery in Bolton, a hospital in Bury and a hospital in Yorkshire.

A student from UCEN Manchester won the 'Returning to Learning' Award, and two of their tutors were Highly Commended in the 'Tutor of the Year' category at the Manchester Adult Education and Skills Partnership Awards 2021.

TOTAL PEOPLE
LEADERS IN LEARNING ®

Total People operates in a challenging and complex market. Throughout 2020/2021, these complex challenges were added to by the impacts of the COVID-19 pandemic on the apprenticeship sector. Impacts on training providers and access to learning and the profound impacts on employers has resulted in apprentices being made redundant, being furloughed or experiencing breaks in learning. Also, of those apprentices who have continued during lockdown, a significant cohort have not achieved in line with plan, because of the limitations of remote learning, lack of access to practical and off the job training which are a requirement of the apprenticeship standard. Additionally, restrictions around End Point Assessments (EPA) and access to Functional Skills testing further impacted on learners achieving their programme on time.

As a result of these impacts, the company took steps in the first quarter of FY21 to restructure the business and reduce staff headcount in line with revenue and learner volumes. This is to ensure that, going forward, we are building a sustainable model that continues to support the current learner capacity and future growth opportunities over the coming years. It is anticipated that the Group will need to support Total People through a period of lower demand, while the economy transitions post COVID-19.

Despite the recent challenges presented by COVID-19, there are expectations of continued demand for and recovery in our services in the training and apprenticeships market. These expectations are based on the country's extended period of recovery and the continued government focus on the skills agenda, as articulated by the Prime Minister and other Ministers over the past few months. We believe we are well-placed to benefit from these opportunities, because we are situated in economic growth areas, we offer a wide portfolio and hold a good reputation with strong links to local employers, whilst taking advantage of the employer incentive opportunities. During 2020/2021, the market has experienced contraction and closure or the sale of some competitors.

Throughout 2020/21, there have been many changes to rules and regulations, many of which have arisen as a result of the pandemic. From August 21 all new starts on apprenticeship programmes were on standards. Total People is now fully aligned to standards and the delivery of these programmes.

Total People has continued to progress and to ensure that delivery, quality, management processes, financial and data compliance are embedded and meeting external standards and expectations. Throughout FY21, Total People were subject to various external audit and compliance reviews, with successful outcomes being secured across all. The ESFA financial audit resulted in a 0% error rate, and ESF article 127 and article 125 were completed with no actions identified. In November 2020, the company underwent a successful Ofsted COVID-19, and in July 2021 gained accreditation of ISO 45001. During the year the company was also successfully awarded reaccreditation of Matrix standard.

Going forward, Total People will continue to face some COVID-19 related challenges in the first half of FY22 due to the high volumes of learners who are past their planned end date as a result of the economy being closed during the year. The company is now better equipped to identify and mitigate future challenges as we implement the return of normal working practices including, continued delivery of remote and blended learning, re-opened training centres and classroom-based delivery, and continued learner face to face visits on employer premises and more formally becoming an agile organisation to enable it to support the government and local agendas.

The levy market remains a significant opportunity whilst also being a busy and competitive external market. The company has been successful in starting to expand its geographical reach through the award of large national levy contracts including G4S, Mitie and MOJ. Throughout FY22 Total People will continue to develop our national footprint through levy clients in targeted markets, whilst also maintaining our North West focus particularly for our classroom and workshop provision.

There remains continued demand for the company's services in the training and apprenticeships market. The company is situated in economic growth areas and has begun to align their portfolio with the local skills agendas. The company has maintained its strong links with local employers whilst building links with new large national and smaller local employers. The market contracted in year as a result of the prolonged lock downs, however, as the economy begins to recover, the company is seeing demand return. In addition, the company will target further reduction in its reliance on supply chain delivery partners, directly deliver a larger proportion of the learning directly ourselves, which will give us greater control and a larger return.

The outlook for the coming year is one of stability and growth, focusing on target sectors whilst further building on the new structures and ways of working implemented throughout FY21 which will be supported by investment and development from 2022.

In 2020/21, LTE Group made a grant of £750k to Total People, to assist the company in carrying out the delivery of training and education.

MOL
LEARN ® DEVELOP EXCEL

MOL is an established learning and development provider with over 30 years' experience of designing and delivering professional qualifications.

MOL has successfully re-engineered its delivery and business model, which now includes significantly more online-only/live online delivery.

MOL retains its pre-eminent position with national professional bodies such as CIPD. MOL has redesigned all their current programmes to align with the new CIPD curriculum and expanded their offer into CMI and Project Management.

MOL has successfully secured a contract with CIPD to become one of only four CIPD Business to Business partners.

New initiatives have outperformed initial expectations e.g. take up of new online/live online only Level 7 programmes now extends to several hundred new learners around the world.

MOL has seen significant price competition in its markets but has successfully maintained its performance year-on-year, through new innovative online/live online only programmes, developing new sectors and changing its delivery models and offering a quality service to both its learners and clients.

A planned integration of MOL into Total People. A planned incorporation of MOL will better position the unit to offer Levy-based versions of new and existing products, which are now being demanded by employers.

MOL's customer satisfaction data is the highest amongst their competitors, with a Feefo score of 4.9 five stars and in 2020/21 was awarded a Platinum status Trusted Service Award. MOL also holds the highest accreditation with CiPD and is a CIPD Business to Business Partner.

Group Operations comprises a number of central functions for the Group, including HR, IT, Health & Safety, Risk, Marketing & Communications, and Change Management. The team of approximately 160 colleagues provide support, advice, project management and central coordination of Group-wide activities in addition to a range of essential services for each of the Group's business units.

The area carries responsibility for a number of critical standards and sources of assurance for the Group such as various ISO accreditations - during the period the Group successfully secured ISO 45001 following an extensive refresh of our Health & Safety framework.

Group Operations are also responsible for the maintenance of our Cyber Essentials Plus accreditation, an essential focus for the Group given the worrying trend in attacks against the sector. In addition, new support management software has been acquired for managing risk.

Business continuity remained the key priority for Group Operations in the last year. A central Transition Team including representation from all business units has continued to steer the Group's response to COVID-19. With a large colleague team of over 3,000 employees working with large groups of learners in multiple settings from our own buildings to employer premises and prison environments, the range of Health & Safety considerations to be navigated has been particularly complex.

Many hundreds of risk assessments have been completed and several hundred more continue to be regularly reviewed in partnership with operational and union representatives, alongside many more Safe Systems of Work. Our business units have successfully transitioned back to face-to-face learning in many parts of the curriculum, and an increasing number of colleagues have adopted a hybrid working model split between on-site and remote working.

The IT team has clearly faced additional pressures during the period as they responded to a material change in demands on our infrastructure and capacity. However, the network environment remains stable and resilient, with the team also delivering a number of continuous improvement projects in addition to protecting business continuity. A number of areas have been re-platformed to improve performance, such as our telephony systems, websites, wi-fi and now our email platform. There has been investment in significant upgrades of the network and firewalls to enable the ability to support thousands of students and learners online.

Whilst managing the demands of the Group, the team has also deployed new technology to roughly 50 prisons across England to provide learners with a superior experience that will better equip them for the employment market when they move on from prison. This major project was successfully deployed despite ongoing COVID-19 restrictions and delivered in line with the heightened COVID-19 protocols that operate within prisons. This project is a first for prison education, and marks the beginning of a more modern and relevant learning experience that we hope will play an important role in providing offenders with new life choices.

Looking forward to the year ahead, Group Operations will continue its central role in business continuity and, as the pandemic gradually eases, will focus more on partnering with Group businesses to assess strategic risks and opportunities in the next strategic planning period.

Estates strategy

Despite the challenges of COVID-19, the Group's investment strategy on estates remains as planned and is fully supported in forward plans. Fixed price contracts put in place in 2020, and construction programmes that have remained on track, has seen the overall budget maintained at £139m with a healthy contingency, even now later in the programme. The forecast growth in students is also in line with plan, as the projected population growth expectations in the City of Manchester are now being exceeded. This adds further confidence to forward income projections.

Disposals so far have exceeded business case; the project is being managed holistically and forward views of net disposals in 2021 and 2022 are also positive.

Work to further positively improve cashflow to a position better than our business plan and help further manage future risk has also been successful. Due to management both of timing of loan draw downs and of interest rates compared to our original business case, the project cashflow for the year ahead has been significantly improved.

Ongoing work with our funding partners confirms a supportive approach to challenges that may yet unfold and sensible pragmatic approaches to flexing arrangements going forward are already evident.

Student Numbers

Novus

In 2020/21 Youth Custody Service (YCS) learners (aged 14 to 18) accessed 3,306 learning aims. For the same period, 12,515 PEF Adult learners (18 and above) accessed 22,699 enrolments on Accredited / non-accredited provision. In addition, Novus provide English and maths assessments at the start of the prisoners' sentence. This is a reduction compared to 2019/20 due the ongoing restrictions throughout the year which meant that access to learners was limited.

The PEF adult learner number is significantly lower than the prior year (36,595 learners) and lower than what we would expect in a non-COVID 19 situation. This is because in 2020/21, as a result of the pandemic, we have delivered far less face-to-face / business as usual education provision.

As at 31st July 2021, Novus Cambria had 564 learners.

The Manchester College and UCEN

The College enrolled approximately 13,900 students. The College's student population includes 5,300 16-to-18-year-old students, 1,200 higher education students, 7,400 adult learners (of which, 6,000 funded and 1,400 unfunded).

Total People

In 2020/21, Total People worked with approximately 4,526 learners. This included approximately 938 16-to-18-year-old apprentices, 2,145 19-year-old + apprentices, 219 16-to-18-year-old Study Programme learners and 1,224 adult learners.

FINANCIAL POSITION

Financial results and objectives

The 2020/21 financial year has brought significant challenges for the Entire education sector. The decisions and actions we have taken since have been guided by our commitment to remain sustainable, provide for extra financial contingencies and maintain our cash balance. Our aim has been to exit the COVID-19 period in a stable financial position and to be able to support economic recovery and an upturn in key sectors.

The Group reported a deficit in the year (excluding the minority interest share in Novus Cambria) of £(1,694)k which is a decrease on the prior year results (2020: £1,757k surplus), but is £2,089k (55%) better than the budgeted deficit of £(3,765)k. This is equivalent to an EBITDA (education specific, as per ESFA guidance) of £13,215k (8.15% of adjusted income) compared to a budget of £12,845k (7.75%). Adjusted income is total income less the release of deferred capital grants (as defined by the ESFA).

The year end cash balance is £20.4m (2020: £33.5m), which significantly exceeds the budgeted year end cash balance of £9.4 by £11.0m (117%). The current ratio of 1.13 and gearing (debt as a percentage of income) at 30.71% combine to deliver a funding body health grade of 190 points (Good).

The Group has continued to work with its partners, and through other work such as property disposals, to create better value and to continue to improve the cashflow position. Our operating activity cash flow has increased by £3.9m (26%), from £15.3m last year to £19.2m in the 20/21 financial statements.

These results provide evidence and confirmation that the Group is meeting its financial objectives. These are:

- To diversify income streams, through a broad offer that responds to multiple areas of education/skills demand, rather than solely traditional FE.
- To protect it from unforeseen changes in policy and the impacts resulting from any future changes in funding or political upheaval.
- To generate operating cash flows that can fund investment for learners, customers, stakeholders and colleagues. To improve the learner experience and deliver efficiencies in teaching and support costs.
- To generate sufficient income to enable maintenance and improvement of its infrastructure. To improve the learner, employer and customer experience.

This also enables the Group to execute its strategic plan and expand its reach to learners and other stakeholders in support of national and regional devolved government policies, to grow provision and add value to the lives of an increasing number of learners. Finally, the Group wishes to maintain, or enhance the confidence of funders, suppliers, bankers and auditors.

The Group (excluding the minority interest share in Novus Cambria) has accumulated reserves of £31.2m (2020: £32.1m) including the pension deficit liability of £67.0m (2020: £61.1m) and cash balances of £20.4m (2020: £33.5m). The Group maintains reserves to ensure financial viability and to meet future liabilities, such as the repayment of loans, and any pension fund deficits.

The Group has diversified its income streams and reduced reliance on the traditional education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, the FE funding bodies provided 22.7% of the Group's total income (2019/20: 20.8%), with AEB income accounting for 10.3% (2019/20: 10.1%).

The LTE Group is the parent company of Novus Cambria which is a private company limited by guarantee without share capital with two members: LTE Group and Coleg Cambria. LTE Group controls 60% of the voting rights of the members while Coleg Cambria control 40%.

The LTE Group has two trading subsidiary companies - Total People Limited and LTE Professional Services Ltd. The principal activity of Total People is to provide skills training and work-based learning, and professional qualifications to in-work professionals. The integration of the MOL business unit into Total People is taking place in November 2021. Any profit generated can be gift aided to the LTE Group provided the company has sufficient distributable reserves. Further details of the subsidiary companies are stated in note 17.

The LTE Group is involved in a joint venture with Manchester City Council. The joint venture company, Manchester Education and Training Limited, is a property company located in East Manchester. The company is also a registered charity limited by guarantee. This venture is being dissolved in November 2021. Details are disclosed in the notes to the financial statements under related party transactions (note 29).

The Local Government Pension Scheme (LGPS) valuation for 2021 resulted in an actuarial valuation gain of £0.8m (2020: loss £25.0m) see note 28.

Cash flows and liquidity

The Group generated a positive operating cash inflow of £19.2m in 2020/21, which is £4.0m (26%) increase year-on-year (2019/20: inflow £15.3m).

Treasury policies and objectives

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. The Group has a treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Chief Executive Officer. Such arrangements are restricted by limits in the Group's Financial Memorandum agreed with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

In the past two years the Group has re financed its debt and put in place new funding for its Estates Strategy. This funding comprises loan agreements with The Council of the City of Manchester (£20.3m outstanding at year end), and Santander facilities covering a term loan (£23.0m outstanding at year end), a £3.0m revolving credit facility (£3.0m drawn at year end), and a development revolving credit facility of £31m (£nil drawn at year end).

Short-term cash requirements are monitored weekly, such that the Group minimises its borrowings and thereby interest charges and limits free funds for placing on the money markets where investment returns are poor. Going forward, the Group will be optimising the balance between its borrowings and money on deposit, which may result in lower end of month balances.

Reserves policy

The Group recognises that its major sources of income are government funded and as such are not explicitly guaranteed for a set period of years. To this end the Group has been diversifying its income streams so that there will be multiple funding sources – Education and Skills Funding Agency, Ministry of Justice, Apprenticeship Levy, Youth Justice Board, European Structural and Investment Funds, Welsh Assembly, devolved mayoral authorities and commercial income. Where possible, the Group will continue to develop medium to long term income streams as part of its strategic plans.

In the past few years, the Group has invested in the reshaping of the business, in response to government funding cuts and allocation changes. This has been achieved without reducing reserves or the need to secure additional finance arrangements with ESFA/Banks.

The Group (excluding the minority interest share in Novus Cambria) has £31.2m (2020: £32.1m) of unrestricted reserves as at 31 July 2021, which the Group feels is adequate to implement any further reshaping required, should there be any further government funding cuts or allocation changes. The decrease in reserves in the year of £0.9m is driven by the 2020/21 loss of £1.7m, offset by the actuarial gain arising on the Greater Manchester Pension Fund (GMPF) pension scheme of £0.8m.

The current forward forecasts ensure clearance of bank covenants and have been tested with sensitivities that take account of reductions in funding as described above.

The level of reserves will be monitored and reported on within the monthly management accounts and reviewed by the Board of Governors.

The Board of Governors will review this policy annually or whenever there are significant changes in income or operating costs.

The LTE Group has set a reserves policy which requires:

- Reserves be maintained at a level which ensures that LTE Group's core activities could continue during a period of unforeseen difficulty.
- A proportion of unrestricted reserves be maintained in a readily realisable form.
- It has sufficient resources to meet its liabilities as they fall due.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle. Our strategic plans involve delivering a breakeven or better year-end position each year with an operating cash contribution each year. This, allied to our capital expenditure plans, is intended to deliver an increasing year-on-year reserves position.

It takes into account:

- Risks associated with each stream of income and expenditure being different from that budgeted.
- Planned level of activity.
- Organisation's future commitments.

Events after end of reporting period

Estates programme: Work is progressing well on both of the two main sites, in line with budget and timetable, with some facilities opening at Openshaw in Sept/Oct 2021 and the city centre practical completion still expected two months ahead of schedule. The Northenden campus disposal is expected to complete in December 2021.

In September 2021, the Group began to drawdown the Development RCF facility with Santander.

The MET joint venture between the Group and MCC is being dissolved in financial year 2021/22.

The integration of the MOL business unit into Total People is taking place in November 2021.

RESOURCES:

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

Financial

The Group (excluding the minority interest share in Novus Cambria) has £31.2m (2020: £32.1m) of net assets. This includes £67.0m pension deficit liability (2020: £61.1m) and long-term debt (including finance leases) of £45.5m (2020: £42.8m). The decrease in net assets in the year of £0.9m is driven by the 2020/21 loss of £1.7m, offset by the actuarial gain arising on the Greater Manchester Pension Fund (GMPF) pension scheme of £0.8m.

People

At year end, the Group has 3,261 people in post, of whom 1,919 are teaching staff.

In addition, note 10 to the financial statements discloses the average monthly number of persons employed by the Group and Corporation during the year, expressed as full-time equivalents.

Tangible Assets

Tangible resources include the eight main college campus sites, including the Wythenshawe and Openshaw campuses. Also included is £72.0m of buildings currently under construction as part of the estates strategy and the land for the city centre campus (2020: £15.8m). Intangible assets include goodwill and the development of the website.

Senior Leaders' pay

The Board acknowledges that as a charitable organisation and social enterprise we do not aspire to remunerate at the maximum level in the sector.

During the year there have been no material changes to senior leader base pay. However, reflecting on the challenges of the last year, the Executive team volunteered, and the Board approved, the removal of an in year performance related achievement award. This was effectively equivalent to a 10% reduction in available earnings for 2021.

The LTE Group Board has adopted the Association of Colleges' (AoC's) Senior Staff Remuneration Code in April 2019 and will assess pay in line with its principles in future.

Our policies are:

- That all senior roles are benchmarked externally against recognised comparators and through nationally recognised methods such as Hay (which is used for all colleagues). Such comparators will include other large FE College groups, HE institutions, other third sector employers of similar size and scale and commercial organisations, including private training providers, who operate in the same or similar sectors.
- That senior leaders should, as a principle, have some of their reward at risk and linked to the impact and performance of the organisation.
- That senior pay levels are monitored to ensure that sensible ratios between front line staff and the most senior employees are within the public sector guideline 1:12 ratio (from lowest to highest paid individuals in the organisation).

- That regular reviews of gender-based pay are completed and that the Board's longstanding commitment to a living wage policy will be maintained.

The Board is also conscious of the need to attract and retain the right calibre of senior colleagues to ensure it can continue to deliver for all stakeholders.

As indicated above, the Committee assesses performance across a balanced scorecard of metrics. Each item has a level of threshold performance that needs to be met.

The range of factors used in the annual performance scorecard, which applies to all Senior Post Holders, includes measures on quality of delivery, financial performance, health and safety, people, learner and customer satisfaction and delivery of key strategic projects.

Having compared salaries externally, and taking into account the performance of the organisation and that there were no changes in roles, the standard organisation approach was applied to senior post holders, which was a consolidated increase of 1%. However, the performance-related element of up to 10% was removed for this financial year.

Relationship of CEO/Accounting Officer pay and remuneration expressed as a multiple:

	2021	2020
CEO/Accounting Officer's basic salary as a multiple of the median of all staff	7.1	7.4
CEO/Accounting Officer's total remuneration as a multiple of the median of all staff	7.3	7.9

The 2020/21 Annual Remuneration Report was presented to the Group Board on 14th December 2021.

Governor remuneration

In accordance with the permission granted by the Charity Commission, modest remuneration of trustees was commenced in April 2018. Remuneration payments were set within the quantum approved by the Charity Commission by an Independent Review Panel, with all members being external to LTE Group. The membership of the panel comprised Mr C Memmott (Manchester Chamber of Commerce), Mr Richard Caulfield (AoC North west) and Mr Dave Powers (One Manchester). As the remuneration is now set at the limit allowed under Charity Commission permission, the Panel did not meet in 2020/21.

Details are disclosed in the notes to the financial statements under related party transactions.

Reputation

The Group and its constituent units have a strong reputation, and leading positions, locally and nationally. Newly developed and launched brands have established themselves quickly with strong identities in their relevant sectors.

Novus has continued to retain and win new contracts, in particular under the Prison Education Dynamic Procurement System (PEDPS). This includes the retention of the Women's Estate North Information, Advice and Guidance (IAG) contract (£0.4m), plus new contract for specialised delivery, HMP Doncaster Graphics (£0.1m) and HMP Durham Industrial Cleaning (£0.1m) Novus is a MATRIX accredited provider in every region of its operations.

In May 2021, Novus conducted an adapted QDP survey reflecting the impact of COVID-19. For adult provision Novus demonstrated strong learner satisfaction at that point, with results showing that 88% (2020 – 86%, 2019 – 89%, 2018 – 90%) of learners are satisfied with the education and training they have received from Novus. To reflect the alternative delivery provided over the year, learners were asked their view, and 88% of learners responded that they were pleased with the learning packs they received during lockdown (there is no equivalent prior year question as the survey prior to this was October 2019).

During 2020/21, we have continued to work collaboratively with MoJ and Her Majesty's Prison and Probation Service (HMPPS) throughout the COVID-19 pandemic to implement interim operating models ensuring a safe delivery environment. For adult provision we have implemented a blended learning approach, for young people an adapted face to face delivery model has been developed to achieve continuity of learning. In recognition of his work at HMP Pentonville, Novus tutor Jose Aguir won a Butler Trust Commendation and a Tutor Award at the Festival of learning.

Following the introduction of the Education Inspection Framework (EIF) in England Novus no longer receives a provider inspection grade, as prisons are judged on overall effectiveness. In the absence of a full inspection regime Prison Monitoring Visits (PMVs) have taken place ensuring that prisons and providers are progressing well with transition plans whilst maximising learner access and opportunities.

Novus Cambria continues to perform strongly, with positive recognition from HMPPS Wales and Welsh Government. Its most recent Estyn inspection found education to be overall "Good" with Teaching and Learning, graded 'Excellent'. In 2021 Novus Cambria's education department "Coleg Berwyn" received a "whole college" Inspire! Tutor Award from the Wales Learning and Work Institute.

This year the College was nominated and short listed for several awards including several Beacon award categories, and the Times Educational awards and Educate Awards categories.

- The College won the Employer Engagement TES Award category during the digital awards evening which recognises strategic and innovative approaches to delivering employers' workforce development needs during the 2019-20 academic year. The College was deemed the winner due to its work to establish the Industry Excellence Academy and its ongoing partnerships with employers to deliver co-created and co-delivered study programmes.
- The Logistics department has been nominated for the Logistics Award due to its proven track record of collaboration with the Department of Work and Pensions (DWP) in getting people back into work, particularly in developing the LGV drivers and taxi drivers of tomorrow.
- An innovative Employability Bootcamp by The Manchester College and Ideas Foundation has won a prestigious MPA Inspiration Award for its innovative approach to gaining valuable industry experience for students.
- The Manchester College (@TheMcrCollege) has been awarded the new NNECL Quality Mark, for the inclusion and success of care experienced students.
- The Manchester College has once again received the full Matrix Quality Accreditation for our work around Careers and Employability.
- The Manchester College and UCEN Manchester were shortlisted in four categories at the Manchester Adult Education and Skills Awards.

UCEN Manchester successfully applied to register with the Office for Students and was added to OfS Register in February 2019. Since then the organisation has continued to meet all ongoing conditions of registration and retained the Teaching Excellence Framework (TEF) Silver awarded in 2017.

UCEN Manchester won the 'Student Support' Award at the WhatUni? Student Choice Awards 2021 in recognition of the fantastic support offered to students throughout the COVID-19 pandemic.

A student from UCEN Manchester won the 'Returning to Learning' Award, and two of their tutors were Highly Commended in the 'Tutor of the Year' category at the Manchester Adult Education and Skills Partnership Awards 2021.

Total People is a Grade 2 "good" provider as identified by OFSTED at inspection in May 2017. Total People is a MATRIX accredited provider, which provides assurance on the quality of the independent information, advice and guidance for both potential and existing customers.

MOL's customer satisfaction data is the highest amongst their competitors, with a Feefo score of 4.9 stars, and in 2020/21, MOL was awarded a Platinum status Trusted Service Award. The Feefo Platinum accreditation is based purely on interactions with our learners. All reviews are verified as genuine, so the accreditation is a true reflection of our commitment to delivering an outstanding customer experience. The award recognises organisations consistently achieving a service rating of at least 4.5 stars. MOL also holds the highest accreditation with CiPD. MOL provides professional courses for learners who are currently employed in their specialist field. The demands of work, life and study mean that learners are looking for a flexible programme that they can fit around their busy lives. Supported by our Virtual Learning Environment, MOL offers several live online programmes that enhance flexibility and has seen a steady increase of learners opting for this approach.

Trade union facility time

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

NUMBERS OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	20
FTE EMPLOYEE NUMBER	17.7
TOTAL COST OF FACILITY TIME	£103,092
TOTAL PAY BILL	£106,357,869
PERCENTAGE OF TOTAL BILL SPENT ON FACILITY TIME	0.1%
TIME SPENT ON PAID TRADE UNION ACTIVITIES AS A PERCENTAGE OF TOTAL PAID FACILITY TIME	9.4%

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
0%	3
1-50%	13
51-99%	4
100%	0

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During 2020/21, on average LTE Group made payments to 95% suppliers within 18 days, well within the Treasury target of 30 days (2019/20: 17 days). The Group incurred no interest charges in respect of late payment for this period.

In 2019/20, to ensure service continuity during the COVID-19 crisis, the Group applied PPN 02/20, to help to maintain cash flow in the supply chain and protect jobs. PPN 02/20 was applied once the required conditions were met and the Group gave due consideration to value for money. PPN 02/20 expired on 30 June 2020, and was replaced by PPN 04/20, which was issued on 9 June 2020. PPN 04/20 was valid for the first quarter of 2020/21, expiring on 31 October 2020. In future reporting periods, the Group will continue to reflect any further changes in Government contracts payment terms into our supply chain.

In the future reporting period, the Group anticipates changes in Government contracts that will result in an extension in payment terms. This, in turn, may impact on the Group's payment terms with sub-contractors.

PRINCIPAL RISKS AND UNCERTAINTIES:

The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

During the year, the Group has further developed and embedded the system of internal control, including strategic, financial, operational and risk management which is designed to protect the Group's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the Group is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. 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 emerging risks and any risks which may arise as a result of a new area of work being undertaken by the Group.

A risk register is maintained at the Group level, which is reviewed at least annually by the Audit and Risk Committee, and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group 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 Group.

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

COVID-19 Crisis

Risk / uncertainty

After meeting the challenges of the COVID-19 pandemic from March 2020, we are maintaining the virus and its impacts as a key risk going forward.

Mitigation

- The health and wellbeing of all our colleagues and students is of fundamental importance to the Board. The Group is well prepared to act quickly and decisively to commence any further temporary closures of our campuses and offices.
- Effective virtual Board meetings can be held to ensure that critical emerging risks are identified, their potential impact understood, so that action can be taken swiftly, and the necessary risk mitigations put in place.
- Extensive arrangements have been tried and tested to ensure that learning can continue through a variety of on-line learning arrangements and, in particular, support can be provided to learners due to take exams or complete courses. In Novus we have an established work process with HMPPS to ensure that learning packs are available whilst prisons put their own specific measures in place.
- Strong business continuity planning has enabled the Group to mobilise homeworking and ensure the business continues to deliver learning and skills to our students, apprentices, and working professionals. Our IT team capability enables us to switch over 3,000 people to home or flexible working and in addition support the switch of many thousands of learners to online learning/assessment.
- We have robust risk management processes and robust risk assessments to use to support decisions to close or re-open campuses and offices. These are run in conjunction with our trade unions in managing Covid and recommencing on site activity or returning to delivery. Our SHE team play a vital role in ensuring the safe temporary closure of our campuses and offices and regularly check that these closed sites remained safe throughout any future lockdown.
- Going forward, we will continue a robust risk assessment process with regards to the transition to more normal working in prisons.
- The Group is committed to the wellbeing and long-term futures of all our learners, and despite the country entering a second national lockdown in November 2020, all our campuses have remained open. Mindful of the impact that these lockdowns may have on our colleagues' wellbeing, we have continued to carry out Group wide colleague surveys to help us to understand how we can best support our colleagues in being safe and keeping healthy.

COVID-19 Future

Risk / uncertainty

COVID-19 Any future regional or national lockdown could impact our ability to maintain a safe working environment for our colleagues and learning environment for our students.

Mitigation

- Thorough plans are in place for a move to online learning if required.
- Colleagues have already demonstrated that working from home is successful

Strategic Risks, Operational & Financial Risks: FE Sector Reform

Risk / uncertainty

FE sector reform arising from the FE White Paper, which may include organisational structure change, could limit autonomy to set strategy and curriculum. Associated with this are any further cuts in government funding in any of ESFA, MoJ, OfS, or Apprenticeship funding, which could be made with minimal notice, making it very difficult to manage the implementation of medium-term strategies.

Mitigation

- The Group has already conducted significant review and analysis of the implication, short, medium and long term of the FE white paper and proposed reform.
- The Group has decreasing reliance on continued government funding through one single stream. We receive significant funding from all of ESFA, MoJ, OfS, GMCA, as well as earning significant multi-year commercial contract income, full cost fee income and adult loans thus diversifying and spreading risk.
- By ensuring the Group is rigorous in delivering high quality education and training.
- Ensuring the Group is focused on those priority sectors that will continue to benefit from public funding and ensuring that the offer is in line with the Greater Manchester Skills needs.

- Regular dialogue with funding bodies and active participation in national consultations.
- Initially, the apprenticeship reform agenda has led to a decline in delivery volumes within the sector, because employers are still exploring and understanding the newly introduced funding and delivery models. However, the replacement of frameworks with standards has been positive and there have been some signs of increased employer engagement. Standards have also delivered better pricing for many courses.
- The changes by the government to release more funding to non-levy employers through the increased opportunity to "gift" and the reduced employer contribution have also proved to be helpful.

Strategic Risks, Operational & Financial Risks: Income Assurance

Risk / uncertainty

Income assurance underpinning EBITDA generation

Mitigation

- As can be seen from the comments above on income diversification, contract delivery, and response to apprenticeship reforms, we are very focussed on assuring the Group income. In addition, we hold a contingency at group level for unforeseen circumstances. We note the recent CSR's commitment to significant investment for reskilling and upskilling (especially of adults) and for education recovery post COVID-19.

Strategic Risks, Operational & Financial Risks: Tuition Fee Policy

Risk / uncertainty

Tuition fee policy. The co-funded fee assumption for adult further education provision remains at 50%. In line with most other Colleges, The Manchester College will increase tuition fees in accordance with the fee assumptions. However, fewer learners are assessed as co-funded as more fall into the Advanced Learner Loan category or are employed and eligible for full funding due to low wage.

Higher Education tuition fees are competitive locally and reviewed annually. For 2020/21 entrants all years' tuition fees range from £7,000 to £8,900, with the higher rate for the resource intensive subjects. The Teaching Excellence Framework rating of silver supports the College position versus competition favourably. As more fees are payable by loan it is uncertain the impact this will have on learner numbers.

Mitigation

- 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 and careful management of any fee increases.
- Robust Student Loan and Credit control procedures.

Strategic Risks, Operational & Financial Risks: Business Development

Risk / uncertainty

Business Development -New business & Retention Our ability to deliver on contract wins, for example within the offender learning sector.

Mitigation

- We are diversifying via tender bids to protect against any change in focus that government policy may bring. We need to ensure we can deliver to the service levels while managing associated costs.

Strategic Risks, Operational & Financial Risks: Estates Strategy

Risk / uncertainty

If the **Estates Strategy** is not delivered successfully to plan, then we may not be able to provide the appropriate learning environments and an improved overhead cost base in line with our 2020/25 vision.

Mitigation

- Planning for, and mitigations for, any delays in the programme or overspends.
- Securing disposal proceeds according to plan timetable.
- Delivering EBITDA and estates strategy related savings to support debt service costs.

Strategic Risks, Operational & Financial Risks: Core Infrastructure

Risk / uncertainty

Core Infrastructure - If we don't maintain efficient and robust business systems (e.g. core infrastructure, servers, as well as HR, Finance and Payroll systems), this could limit our ability to adapt to changes in the business environment and hinder the achievement of our 2020/25 vision

Mitigation

- The continued development of our Group Operations, a central professional support organisation, which has been of benefit across the whole Group. This organisation has achieved many nationally recognised industry standards in IT and Health and Safety.
- Continued investment in core systems such as the finance system, the HR system, existing systems to support on-line learner enrolments and our on-line training system.
- Specific focus on cyber security, and maintenance of business continuity readiness to ensure that we remain resilient.
- Significant network upgrade to improve cybersecurity and as part of accreditation to ISO 27001.
- Significant device refresh strategy, and rollout of multi-factor authentication to all colleagues scheduled for 2021/22.

Strategic Risks, Operational & Financial Risks: Pension Liabilities

Risk / uncertainty

Pension Liabilities - Maintain adequate funding to service future pension liabilities

Mitigation

- Teachers Pension scheme (TPS) increases have been funded for the period to July 2022, with an informal indication arising from the recent CSR of a continuation. However, the Group will continue to consider its strategic options given the potential increases in both TPS and Local Government Pension Scheme (LGPS) schemes.
- In line with the requirements of FRS 102, the Group's share of the Local Government Pension Scheme (LGPS) deficit is reported on the Group's balance sheet. In 20/21, this deficit increased £67m (19/20: £61m). Throughout 20/21, the Group maintained the required employer contribution set out by GMPF of 18.1% (19/20: 18.1%). This rate will next be reviewed in March 2022.
- Our LGPS Fund investment returns have been greater than expected in 20/21, however, the default financial assumptions at 31 July 2021 result in a significantly higher CPI inflation and a slightly higher discount rate producing a lower real (net) discount rate. This serves to increase the obligations in the balance sheet and higher I&E charges.
- The most recent actuarial valuation (the "funding valuation") carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that GMPF's assets, which at 31 March 2019 were valued at £23,844 million (31 March 2016: £17,325 million), were sufficient to meet 102% of the liabilities (31 March 2016: 93%).
- However, despite the improvement in the reporting funding level noted above (from 93% to 102%), in 20/21 the amount recognised in the Group's consolidated statement of comprehensive income and expenditure (the "accounting valuation") in respect of the FRS 102 pension charge and pension finance costs increased by £1.5m to £6.75m.
- Therefore, the Group Board and Executive Team are of the opinion that the FRS 102 accounting valuation of the current service cost, compared to the view of the GMPF scheme in general, is a prudent approach to the health of the scheme (whilst acknowledging it is in line with the accounting requirements).

Strategic Risks, Operational & Financial Risks: Project Connect

Risk / uncertainty

Failure to agree the implementation of **Project Connect** (our people and reward-related change programme) with trade unions.

Mitigation

- Project Connect will create a fairer, transparent and more uniform approach to reward, recognition and career development. We are working with union colleagues on developing an affordable and sustainable framework that will reflect expectations of colleagues.

Strategic Risks, Operational & Financial Risks: Financial Sustainability

Risk / uncertainty

Financial Sustainability - Failure to maintain the financial viability of the FE Corporation

Mitigation

- LTE Executive and Board have focussed heavily on cash management, creating contingencies in operating and capital expenditure, and doing the right things early, for example restructure where necessary to create sustainability.
- The Group's current financial health grade is classified as "Good" as described above. This is largely the consequence of a consistently strong operating performance, management of cash and delivery on strategic objectives across several years. Notwithstanding that, ongoing vigilance is needed to guard against the continuing impacts of COVID-19, government funding fluctuations, policy changes, or changes prompted by future Comprehensive Spending Reviews.
- This risk is mitigated by rigorous budget setting procedures and sensitivity analysis, including real and active financial contingencies in budgets, regular in year budget monitoring, robust financial controls, exploring ongoing procurement efficiencies, tendering for new contracts with a focus, where possible, on long term multi-year contracts.
- The Estates Strategy to rationalise the estate will generate operating efficiencies that underpin medium to long term sustainability.
- The Group currently has bank debt of £46.3m with Santander and MCC, below the £49.7m last year. The EBITDA generation is at the appropriate level to service this debt.
- The Group has a strong relationship with both our external funders, Santander and MCC, who both attend regular stakeholder meetings on the estates strategy.

Health and Safety

The number of RIDDOR incidents reduced by 1 in 2020/21, to 7 incidents (2019/20: 8 incidents).

Policy and Arrangements

Stakeholders understand roles and responsibilities. Policies, procedures and guidance are appropriate to Group activities and available to stakeholders. Failure to deliver may result in non-compliance with regulatory requirements. An effective Safety, Health and Environment (SHE) policy provides direction and defines/communicates roles, responsibilities and authorities for identifying hazards, managing risks, preventing incidents and improving work processes. LTE Group will continually develop its organisational arrangements to ensure: a sensible and proportionate approach to SHE management is evident; foreseeable risks are controlled; colleagues, learners, partners and visitors understand roles and responsibilities.

Additional Controls:

- ISO 45001 Accreditation – certification achieved in August 2021.
- ISO 45001 Surveillance Audits annually.

Communication and Engagement

LTE Group encourages participation of colleagues, learners, partners and visitors. Positive behaviours are recognised and encouraged. The LTE Group encourage participation in SHE matters by:

- Raising stakeholder awareness of SHE performance and requirements.
- Embedding an understanding of hazard and risk.
- Encouraging stakeholder participation in SHE initiatives.
- Communicating SHE performance and requirements to stakeholders.

Additional Controls:

- Regular Safety Committee meetings.
- Inclusion of SHE on operational review agendas.
- Monitor progress against KPIs.
- Improved staff recognition.
- Greater emphasis on near miss and potential concern reporting.

Developing strong capability in Emergency Planning

Our emergency plans have been activated during the pandemic and we are continually reviewing our actions and processes. Once we have returned to a new way of working, a series of desktop reviews will take pace to test effectiveness of arrangements and to ensure that our plans are updated and include any lessons learnt.

From the onset of the COVID-19 pandemic and onwards, swift actions have been taken to ensure the health and safety of our colleagues. In line with government advice, this has included the implementation of remote working, social distancing, risk assessments and safe systems work supported by Mobilisation Guidelines for Managers.

Additional Controls:

- LTE Group business continuity plan.
- Planned preventative maintenance scheme and compliance calendar.

Going concern

The financial statements have been prepared on a going concern basis, which the Board of Governors considers to be appropriate for the following reasons.

The Board believes that the Group and Corporation will be able to continue in operation and meet their liabilities taking account of the current position and principal risks. The Board has in place a five-year financial plan to 2025, which is being reviewed in line with the Board approved Resilience Plan. The Transition Year Plan for 2021/22 provides for a greater level of central contingency than in normal years and also enables key elements of future strategy to progress, such as the estates infrastructure programme. A key part of the scenario testing work that went to the Board was a forward cash view supported by a detailed, integrated 24-month cash flow forecast, which links to the two budgeted years ending on 31 July 2023.

These cash flow forecasts have been tested with sensitivities, including several reasonably possible downside scenarios, and are regularly updated and reviewed by both the Executive team and Board of Governors. Key risks such as reductions in funding, the challenges to commercial income, the economic situation and our estates strategy, along with reasonable mitigating actions, have been factored into the sensitivities which have been performed on the 24-month cash flow forecast.

The Group's recent cash performance has been strong. Further development funding will be drawn down from an agreed facility with Santander to support the estates build (which is on timeline and to budget) and disposals are progressing well with strong interest in the form of formal offers in the two main high value sites at above our business case.

Consequently, the Board of Governors is confident that the Group and College will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Brexit

Any implications of Brexit for the Group are currently expected to be in the following areas:

- The availability of European Social Funds in the future or the replacement "Shared Prosperity Fund".
- Tuition fees from international students are anticipated to be minimal in future years.
- Labour shortages in certain sectors which may impact the apprenticeship business.
- A likely positive impact from restrictions of movement of labour, is a knock-on impact to upskill, retrain and develop more UK residents to fuel economic growth.

Equality, Diversity and Inclusivity

The LTE Group is committed to providing an environment where everyone is valued as an individual, and where learners and staff can work, learn, flourish and develop their skills and knowledge in an atmosphere of dignity and respect. One of the elements we encourage learners across the Group to focus on is progress. It is a key ingredient to their success, so it's important for our organisation to take positive steps forward too. It is heartening to see us build on the momentum of previous years by making progress with regards to equality, diversity and inclusivity in our Group.

Promoting equality is more than a statement of how we as a Group will meet statutory requirements, it is an essential part of how we operate and fundamental to the values and mission of our Group. They are a shared commitment across LTE Group, Novus, Novus Cambria, The Manchester College, UCEN Manchester, MOL and Total People.

We intend to promote equality and prevent discrimination through our role as:

- An Education Service provider
- An employer
- Community and/or business partner

The scope of the Strategy covers the nine 'protected characteristics' defined in law:

- Age
- Disability
- Gender Re-assignment
- Marriage and Civil Partnership
- Pregnancy and Maternity
- Race

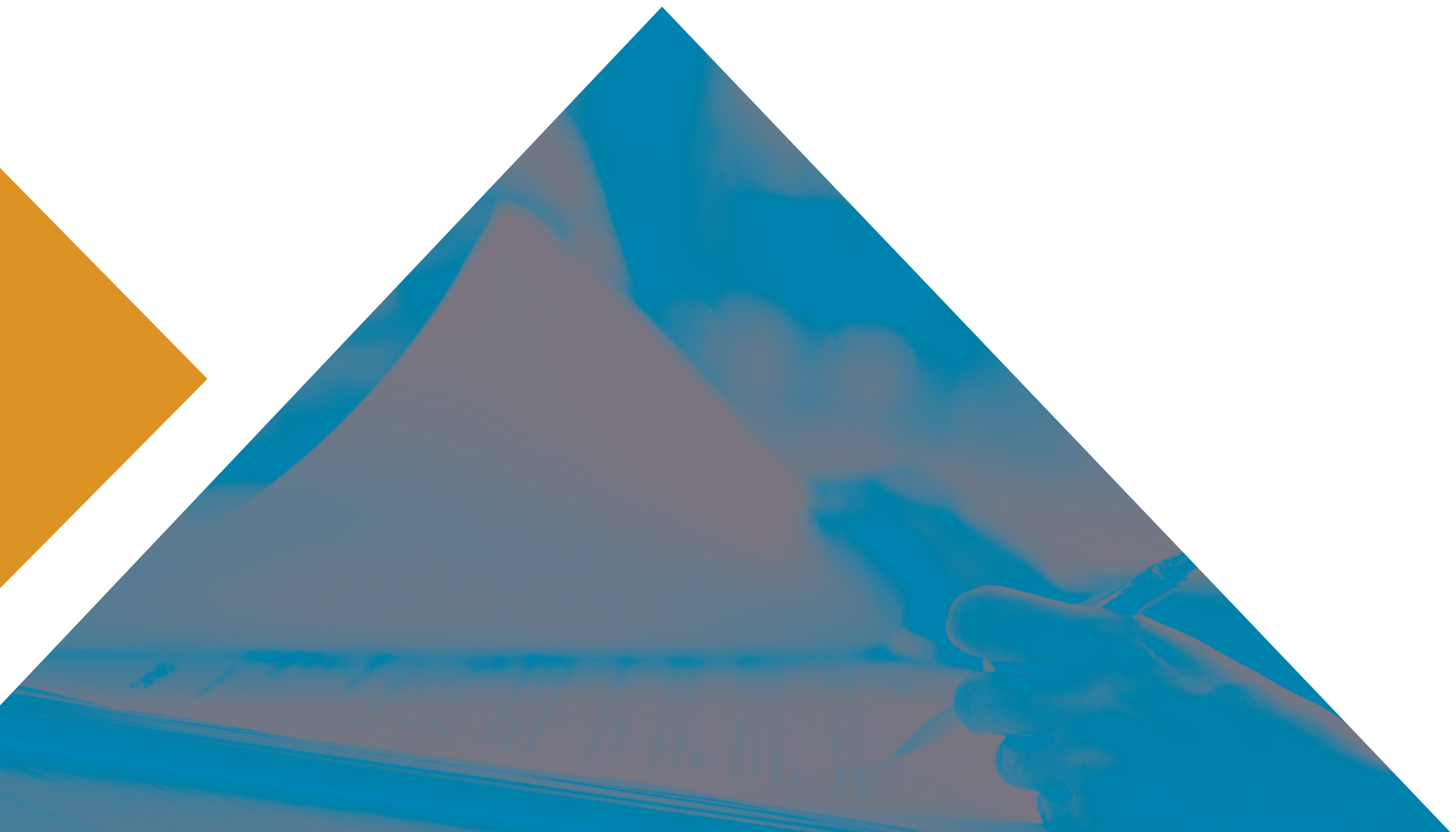
- Religion and Belief
- Sex
- Sexual Orientation

The overall purpose of the Strategy is to ensure that for each of the 9 protected characteristics listed the Group will:

- Eliminate discrimination, harassment and victimisation.
- Promote equality of opportunity.
- Foster good relations between people from different groups.
- Celebrate what we have in common and capitalise on our diversity and recognise and take account of people's differences.
- Promote student and staff inclusivity through promoting the understanding of sex and gender, challenging stereotypes and prejudices.

It is also our job to continue to be ambitious in our goals for equality, diversity and inclusivity both for every student we teach and for every member of staff we employ. Through this Strategy we hope to characterise our vision to embrace our wider differences, respond to the changing political and legal landscape and ensure that we are furthering inclusivity in our policies and practice. We publish our Equality and Diversity updates annually online to ensure compliance with all relevant equality legislation including the Equality Act 2010. The Group also publishes its annual Gender Pay Statement in January, in accordance with legislation.

Amongst the Executive team, there have been significant changes in gender diversity and also positive steps taken to increase diversity within the membership of the LTE Group Board and the Co-optees group.



Disability Confident

The LTE Group is a Disability Confident employer and has undertaken to:

- ensure our recruitment process is inclusive and accessible.
- communicate and promote vacancies.
- offer an interview to disabled people.
- anticipate and provide reasonable adjustments as required.
- support any existing employee who acquires a disability or long term health condition, enabling them to stay in work.
- make a difference for disabled people.

The LTE Group seeks to achieve the objectives set out in the Equality Act 2010 (which brings together and restates the previous legislation in this area).

Each Operating Division complies with the Equality Act 2010 and the regulatory guidelines for its sector as appropriate, including funding regulations and MoJ guidelines for HM Prison Service.

Mental Health and Wellbeing

We recognise that we have a responsibility to create an environment that promotes student and staff wellbeing and that proactively supports student and staff mental health. We:

- Ensure that wellbeing and mental health work is led by a senior manager and supported by a member of staff with particular responsibility for mental health.
- Create an open and inclusive College ethos which includes respect and support for those with mental ill health.
- Promote equality of opportunity and challenge mental health stigma through curriculum teaching and also promote wellbeing through enrichment activities.
- Provide appropriate mental health training for staff.
- Engage the student body on mental health and wellbeing by working with the Students' Union and other student representative bodies.
- Ensure a consistent and positive approach to staff wellbeing.
- Provide targeted individual mental health support and where appropriate signpost to independent, external support services procured by the College.
- Provide relevant information to parents and carers.
- Further develop our effective links with local health and voluntary sector mental health groups.
- Promote the benefit that physical activity and sport has on mental wellbeing.

As a result of the COVID-19 pandemic, the Group has carried out further additional activities related to wellbeing with the Stay Safe, Work Well campaign.

Black Lives Matter

Having observed events globally, the LTE Group felt it was important to reflect on actions that will make a real difference and help to deliver fundamental change that goes beyond making symbolic gestures. As a Group we have always been, and always will be, committed to standing up against racism, promoting inclusion and equality and educating against hate. However, during this period of reflection it became evident that we need to think about reshaping and re-educating our institution to make sustained and systemic change.

In response to this very clear civil rights issue, the Group Executive team are committed to supporting this long-term review, to re-education and change and to working together as a community to co-create a new future for our organisation. As such, we have started the process of engaging with our internal and external stakeholders and implementing change in earnest.

Phase 1

- Stakeholder engagement; including colleagues, stakeholders, students and Student Union.
- Re-education; through formal training for colleagues and students, targeted at improving equality and diversity and tackling unconscious bias.
- Independent support and challenge; through appointment of an external agency to ensure our response leads to fundamental, lasting and meaningful change.

Phase 2

- Introduction of role leading Equality, Diversity and Inclusion across the Group.
- Review findings from external agency.
- Implementation of a 2 year Action Plan.
- Continuation of Independent support and challenge.
- Continuation of awareness raising and formal training for colleagues and students.

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 Group's auditors are unaware. 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 Group's auditors are aware of that information.

This Strategic Report was approved by order of the Corporation on 14 December 2021 and signed on its behalf, on 22 December 2021, by:

Philip Johnson
Chair of LTE Group Board

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the strategic report and financial statements of LTE Group to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the strategic report and financial statements.

LTE Group endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

ii. in full accordance with the guidance to Colleges from the Association of Colleges in Code of Good Governance for English Colleges ("the Governance Code");

iii. including the Senior Post Holder Remuneration Code; and

iv. having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

LTE Group is committed to exhibiting best practice in all aspects of Corporate Governance and in particular LTE Group has resolved to adhere to and comply with the Code of Good Governance for English Colleges. It has not adopted and therefore does not apply the UK Corporate Governance Code. However, the corporate governance arrangements of the Group draw upon best practice available and have due regard to the principles and guidance of the UK Corporate Governance Code, insofar as they apply to the further education and charity sectors.

At its meeting on 20 July 2021 the Board considered and confirmed its compliance with the provisions of the Code of Good Governance for English Colleges, throughout the year ended 31 July 2021. The LTE Group Board 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. This includes compliance with the ongoing conditions of registration stipulated by the OfS. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges which was published by the Association of Colleges in March 2015 and which was formally recognised by the Board of Governors in May 2015.

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

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31st July 2021 and concluded that the Corporation had undertaken its duties and responsibilities to a high standard during the year 2020/21.

LTE GROUP BOARD

The composition of the LTE Group Board is set out on page 48. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Group Board is provided with regular and timely information on the overall financial performance of LTE Group together with other information to enable it to discharge its strategic and statutory responsibilities under s.18 of the Further and Higher Education Act 1992. This includes information on performance against funding targets, proposed capital expenditure, estates strategy, quality matters and related matters such as risk, health and safety and environmental issues. The Group Board meets quarterly.

The Group Board conducts its business through a structure of Divisional Boards and cross group Committees. Each Board and Committee has terms of reference, which have been approved by the Group Board. For 2020/21 the Divisional Boards were: The Manchester College, UCEN Manchester, Novus and Group Operations. The cross-group Committees were: Audit & Risk, Appointments, Governance, Remuneration and the Investment and Estates Strategy Group. From time to time the work of the Board may be augmented by Single Task Groups (STG), established under generic terms of reference as required. No STGs were convened during 2020/21.

In order to undertake effective and appropriate governance of the Group, the Group Board augmented the membership of Divisional Boards and cross group Committees with a number of co-optees with appropriate professional expertise.

Full minutes of all meetings, except those deemed to be confidential, are available on the LTE Group website www.ltegroup.co.uk or from the Legal & Governance Department at:

LTE Group, Whitworth House, Ashton Old Road, Openshaw Manchester M11 2WH

The Company Secretary & General Counsel maintains a register of the financial and personal interests of Governors and Co-optees. The register is available for inspection at the above address.

All Governors can take independent professional advice in furtherance of their duties at LTE Group's expense and have access to the Company Secretary & General Counsel, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary & General Counsel are matters for the LTE Group Board as a whole.

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

The Group Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Group Board 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 of the LTE Group Board and the Chief Executive Officer of the LTE Group are separate.

There were four ordinary meetings of the LTE Group Board in 2020/21 (20 October 2020, 15 December 2020, 30 March 2021 and 20 July 2021) and three special meetings (28 January, 20 May and 15 June 2021).

Coronavirus Act 2020 – Arrangements for the continuance of corporate governance

As part of the response to the COVID-19 pandemic the Board and its committees and subsidiary boards continued to operate remote meetings throughout 2020/21. During the lockdown of January to May 2021 the Board operated temporary alternative arrangements for the application of the seal.

APPOINTMENT TO THE LTE GROUP BOARD

Any new appointments to the LTE Group Board are a matter for the consideration of the Group Board of as a whole. The Governance Committee is responsible for the selection and nomination of any new member for the Group Board's consideration (other than staff and student members). The Group Board is responsible for ensuring that appropriate training is provided as required.

Members of the LTE Group Board are ordinarily appointed for up to three terms of office not exceeding three years.

In 2020/21, positive steps have been taken to increase diversity within the membership of the LTE Group Board.

Lady Rhona Bradley was appointed for a first term of office from 20 May 2021

Ms Anika Ephraim was appointed for a first term of office from 1 January 2021

Ms Liz Jacques was elected as a staff governor with a term of office commencing on 20 October 2020

Ms Diana Warren was elected as a staff governor with a term of office commencing on 1 September 2021 (however resigned before commencement of term)

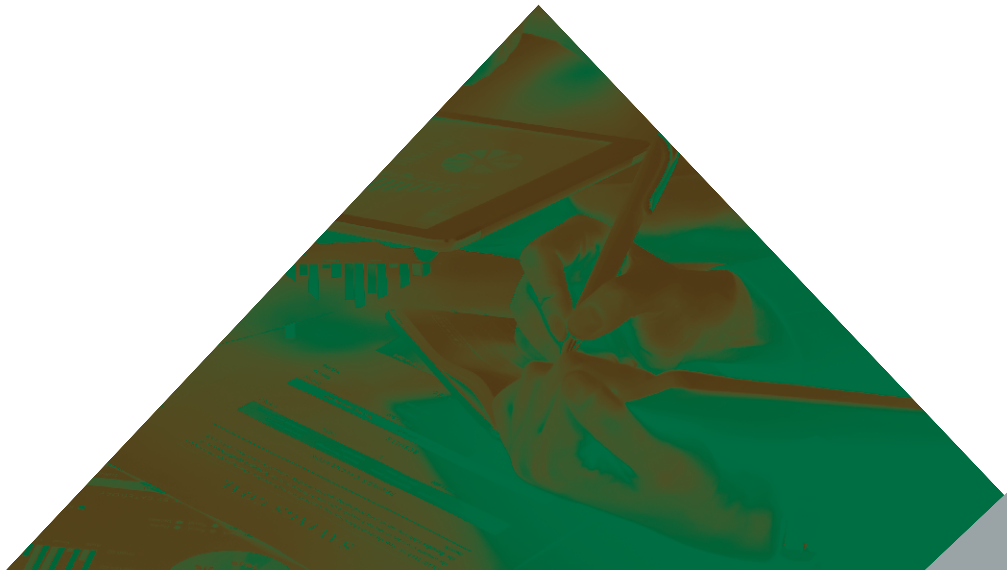
Mr Nicholas Garbett was appointed as a staff governor with a term commencing on 19 October 2021

Mr Philip Lanigan was re-appointed for a further term of office from 2 June 2021

Mr Barry Lynch was re-appointed for a further term of office from 12 December 2020

Mrs Pauline Waterhouse OBE was re-appointed for a further term of office from 12 December 2020

Mr Adam White was re-appointed for a further term of office from 25 May 2021



MEMBERS

Those serving on the LTE Group Board during 2020/21 and up to the date of signature of this report are set out in the table below. This also lists which of the Boards of the subsidiary companies they served on during 2020/21:

Name	First appointed	Current appointment	Term of office	End o f membership	Reason	Status of appointment	Committees served	Attendance in 20/21
Ms A Bodhania	01.09.18	01.09.18	3 years	31.08.21	End of term of office	Staff member		5/6
Lady Rhona Bradley	20.05.21	20.05.21	3 years			Independent member	Novus Board	2/2
Ms J Burden MBE	08.12.14	08.12.18	3 years			Independent member	TMC Board, Governance	15/18
Mrs P Cole	16.07.19	16.07.19	3 years			Independent member	Audit & Risk,	
Novus Board	12/12							
Ms Modupe Dosumu	20.10.20	20.10.20	1 year	31.07.21	End of term of office	Student member	UCEN MCR Board	8/10
Ms A Ephraim	1.01.21	1.01.21	3 years			Independent member	Novus Board	5/5
Mr N Garbett	19.10.21	19.10.21	3 years			Staff member		N/A
Cllr J Hacking	10.09.08	13.09.19	3 years			Independent member	TMC Board, UCEN MCR Board, Remuneration	15/18
Ms L Jacques	20.10.20	20.10.20	3 years			Staff member		6/6
Mr P Johnson	08.12.15	08.12.18	3 years			Independent member	Group Operations Board, TMC Board, UCEN MCR Board, Investment & Estates Strategy Group, Governance, Remuneration	32/33
Mr P Lanigan	03.06.14	02.06.21	3 years			Independent member	Audit & Risk, MOL, Total People Ltd, Remuneration	20/21
Mr B J Lynch	14.12.10	12.12.20	3 years			Independent member	Novus Board, Group Operations Board, MOL, Total People Ltd, Governance	29/29
Ms K Michel	02.04.19	02.04.19	3 years	19.10.20	Resignation	Independent member	UCEN MCR Board	N/A
Mr T Sargeant	13.09.19	13.09.19	3 years			Independent member	Group Operations Board	12/12
Mr M Sugden	18.07.17	18.07.20	3 years			Independent member	Audit & Risk, Novus Board, Novus Cambria, Remuneration	19/20
Mr J Thornhill	01.10.12	01.10.12	Ex officio			C.E.O.	MOL, Total People Ltd, Novus Cambria, Investment & Estates Strategy Group	20/20
Mrs P Waterhouse OBE	12.12.13	12.12.20	3 years			Independent member	TMC Board	12/12
Mr A White	25.05.18	25.05.21	3 years			Independent member	Investments and Estates Strategy Group	11/12

Members' attendance is calculated on the basis of the actual number of meetings attended out of the potential total number of meetings for each member. The potential total number of meetings differs for each member, based on the number of boards/committees they sit on.

*Includes both ordinary and special Group Board meetings and ordinary and special Committees or Divisional Boards as appropriate.

Lady Rhona Bradley is the appointed safeguarding nominated governor for LTE Group.

Mrs J Foote MBE serves as Company Secretary & General Counsel which encompasses the role of Clerk to the Board of Governors.

Co-optees

To enhance the effectiveness of its governance profile LTE Group Board appoints a number of Co-optees to Divisional Boards and Committee with specific professional skills and knowledge. These individuals add specific professional skills and knowledge to the membership of that Board/Committee and do not act in the capacity of trustee.

In 2020/21, positive steps have been taken to increase diversity within the membership of the Co–optees group.

Mrs Frances Done resigned as a co-opted member of the Novus Divisional Board on 13 August 2020

Ms Kate Macdonald resigned as a co-opted member of the Novus Divisional Board on 25 October 2020

Mr Paul Candelent reigned as a co-opted member of the IESG and Audit & Risk Committee on 26 January 2021

Ms Monica Brij resigned as a co-opted member of the IESG and Novus Divisional Board on 18 October 2021

Ms Louise DuRose and Mr Ged Barlow resigned as co-opted members of the MOL Divisional Board on the integration of MOL into Total People on 1 November 2021 (but retained their appointments as non-executive directors of Total People Ltd).

The following appointments were made by LTE Group Board during the year:

Mr Justice Ellis was appointed for a first term of office to the TMC and UCEN MCR Boards from 1 January 2021

Mr Mark Fletcher was appointed for a first term of office to the TMC Board from 1 January 2021

Ms Nikaeya Ridyard was appointed as a student co-optee of The Manchester College Board for one academic year from 20 October 2020

Mr Philip Wheatley CB was appointed for a first term of office to the Novus Board from 20 May 2021

Name	First appointed	Current appointment	Term of Office	End of Appointment	Board or Committee
Ms Kimoni Bell	15.10.2020	**15.10.2020**	3 years		UCEN MCR
Mr Ged Barlow	02.04.2019	**02.04.2019**	3 years	Resigned 1. 11.21	Total People Ltd/MOL
Mrs Monica Brij	31.07.2019	**31.07.2019**	3 years	Resigned 18.10.21	Investment & Estates Strategy Group, Novus
Mr Paul Candelent	31.07.2016	**31.07.2019**	3 years	Resigned 26.01.21	Investment & Estates Strategy Group, Audit & Risk
Miss Louise Durose	31.07.2016	**31.07.2019**	3 years	Resigned 1. 11.21	Total People Ltd/MOL
Ms Frances Done CBE	28.03.2017	**23.03.2020**	3 years	Resigned 13.08.20	Novus
Mr Justice Ellis	01.01.2021	**01.01.2021**	3 years		The Manchester College, UCEN Mcr
Mr Mark Fletcher	01.01.2021	**01.01.2021**	3 years		The Manchester College
Ms Catherine Hill OBE	02.04.2019	2.04.2019	3 years		The Manchester College
Ms Kate Macdonald	02.06.19	2.06.2019	3 years	Resigned 25.10.20	Novus
Ms Nikaeya Ridyard	20.10.20	20.10.2020	1 academic year	31.07.21	The Manchester College
Mr Philip Wheatley CB	20.05.2021	20.05.21	3 years		Novus
Mr Peter Winter	31.07.16	31.07.2019	3 years		UCEN MCR, Novus Board

GOVERNANCE STRUCTURE

As part of its strategic plan LTE Group has operated within a governance framework structured to recognise the delivery of education, skills and services by business unit and to enable a more detailed oversight, scrutiny and accountability of its operation. This is ameliorated by a series of cross group committees with oversight of key areas of accountability which impact the Group as a whole. Divisional Boards have been established to assure detailed governance and oversight of the Group's business units. None of the Divisional Boards have any powers of determination, other than those which may be granted explicitly by the Board for a specific purpose but are instead required to give assurance to the Board on the performance of the unit or recommend a course/ courses of action for determination by the LTE Group Board. The cross-group committees in operation during the year were: Audit & Risk, Governance, and Remuneration. The Investment and Estates Advisory Group has also been established to oversee the significant Estates Strategy currently being undertaken by the Group.

In furtherance of the social mission of the Group, two subsidiary companies either owned or controlled by the Group exist to deliver education and training under specific contracts or remits, with a third subsidiary existing to deliver specialist support services for education contracts. As companies and separate legal entities these operate under their own Articles of Association but the majority of Directors in each instance are appointed by the LTE Group Board.

REMUNERATION COMMITTEE

Throughout the year ended 31 July 21, LTE Group's Remuneration Committee comprised Cllr J Hacking, Mr P Johnston and a member of the Audit & Risk Committee *ex officio* (in each instance being either Mr P Lanigan or Mr M Sugden), and in attendance was the Company Secretary. The Committee's responsibilities are to make recommendations to the Board of Governors on the remuneration and benefits of the CEO and other senior post holders.

The LTE Group Board has adopted the AoC Senior Post Holder Remuneration Code and has considered all matters relating to senior post holder terms and conditions, including pay, in line with this. The AoC Code reflects the regulatory guidance on disclosure of senior post holder pay as required by ESFA and OfS.

Details of remuneration for the year ended 31 July 2021 are set out in note 10 to the financial statements. The Committee met on three occasions during 2020/21.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprised Mr P Lanigan, Ms P Cole, Mr P Candelent (until 26 January 2021) and Mr M Sugden. In attendance were the Company Secretary; representatives of LTE Group's financial statements and reporting auditors PricewaterhouseCoopers LLP (until 19 May 2021) and KPMG LLP (from 20 May 2021); LTE Group's internal auditors RSM and Group Officers, including the Chief Finance Officer and MD Group Operations.

The Committee operated in accordance with written terms of reference approved by the LTE Group Board. Its purpose is to advise the Group Board on the adequacy and effectiveness of LTE Group's system of internal control and its arrangements for risk management, control and governance processes.

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

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 & Risk Committee advises the LTE Group Board on the appointment of both the internal and the regularity and financial statements auditors and on their remuneration for audit and non-audit work. The Audit & Risk Committee reports annually to the Group Board.

Other duties include:

i. the scrutiny of the Financial Statements/Report of Members.
ii. to review LTE Group's Financial Statements.
iii. to review arrangements for securing value for money, solvency and safeguarding assets.
iv. to monitor compliance in respect of the statutory duties of the corporation including but not limited to fraud, bribery, money laundering, public interest disclosure, health and safety and data protection.

The Committee met on three occasions in 2020/21.

INVESTMENT AND ESTATES ADVISORY GROUP

The Investment and Estates Strategy Group was established to have oversight of the investment and estates strategy of the Group. The Investment and Estates Strategy Group comprised Mr P Johnson, Mr J Thornhill, Mr A White, Mr R Cressey, Mrs M Brij, Mr P Candelent (until 26 January 2021).

The Committee met on four occasions during 2020/21.

GOVERNANCE COMMITTEE

The Committee has oversight of the development and standards of governance in the Group; including the performance of the Board and individual governors; it is required to make recommendations in respect of the skills needs of governors and co-optees required to deliver effective governance and from 2020 also has the remit to consider appointments prior to recommendation to the Board. The membership of the Committee comprised Ms J Burden MBE, Mrs J Foote MBE, Mr B Lynch, and Mr P Johnson.

The Committee met on seven occasions during the year.

DIVISIONAL BOARDS

All Divisional Boards are required to undertake the following duties as they relate to the relevant business area:

1. To monitor the performance of the relevant provision of the College against targets set by the Corporation.
2. To develop relevant strategy.
3. In respect of the relevant provision, to have oversight of:
   i. the quality of teaching and learning (or delivery of professional services).
   ii. the learner/customer voice
   iii. the financial performance against budget.
   iv. health & safety, safeguarding and equality & diversity.
   v. risk management.
   vi. HR/IT.
4. To escalate any issues arising from the above to the attention of the Board of Governors.
5. To approve any policies specific to the delivery of relevant provision, as delegated by the Board.
6. In respect of the relevant provision, to consider any business case or investment plan prior to its recommendation to the Board.
7. In undertaking the above the Divisional Board shall undertake appropriate engagement with relevant staff and student bodies.

The Manchester College Divisional Board

Throughout the year ended 31 July 2021 the membership of The Manchester College Divisional Board was made up of Ms J Burden MBE, Mr J Ellis (from 1 January 2021), Mr M Fletcher (from 1 January 2021), Cllr J Hacking, Ms C Hill OBE, Mrs L O'Loughlin, Mr P Johnson, Ms N Ridyard (from 20 October 2020) and Mrs P Waterhouse OBE.

The Board met on four occasions in 2020/21.

UCEN Manchester Divisional Board

Throughout the year ended 31 July 2021 the membership of the UCEN Manchester Divisional Board was made up of Ms K Bell (from 15 October 2020), Ms M Dosumu (from 20 October 2020), Mr J Ellis (from 1 January 2021), Cllr J Hacking, Mr P Johnson, Mrs L O'Loughlin and Mr P Winter.

The Committee met on three occasions in 2020/21.

Novus Divisional Board

Throughout the year ended 31 July 2021 the membership of the Novus Divisional Board was made up of Lady R Bradley (from 20 May 2021), Mr B Lynch, Mrs P Cole, Mr P Cox, Ms A Ephraim (from 1 January 2021), Mrs M Brij, Ms K Macdonald (until 25 October 2020), Mr M Sugden, Mr P Wheatley CB (from 20 May 2021) and Mr P Winter.

The Board met on four occasions in 2020/21.

Group Operations Board

Throughout the year ended 31 July 2021 the membership of the Group Operations Divisional Board was made up of Mr B Lynch, Ms A Hunter, Mr P Johnson, and Mr T Sargeant.

The Board met on three occasions in 2020/21.

MOL Divisional Board

Throughout the year ended 31 July 2021 the membership of the MOL Divisional Board was made up of Mr B Lynch, Mr P Lanigan, Ms L Durose, Mr G Barlow, Ms M Nicholson and Mr J Thornhill.

The Board met once discretely during 2020/21 and then three times jointly with the Total People Board

From 1 November 2021, MOL and Total People became a single legal entity.

WHOLLY OWNED OR CONTROLLED SUBSIDIARIES

Total People Limited

Throughout the year ended 31 July 2021 the membership of the Board of Total People Limited (a wholly owned company limited by shares) was made up of Mr B Lynch, Mr P Lanigan, Ms L Durose, Mr G Barlow, Ms M Nicholson, Mr R Cressey, and Mr J Thornhill. Mrs J Foote MBE was appointed Company Secretary.

The Board met once discretely during 2020/21 and then three times jointly with the MOL Board.

From 1 November 2021 MOL and Total People became a single legal entity.

Novus Cambria

Throughout the year ended 31 July 2020 the membership of the Board of Novus Cambria (a joint venture company limited by guarantee and linked charity in partnership with Coleg Cambria) was made of Mr M Sugden, Ms M Nicholson, Mr J Thornhill, Mr P Cox, Mr S Jackson, Mr J Clutton (until 31 December 2020) and Ms Y Williams and Mr T Wheeler (from 1 January 2021). Mrs J Foote MBE was appointed Company Secretary.

The Board met on three occasions in 2020/21.

LTE Professional Services Ltd

Throughout the year ended 31 July 2021 the membership of the Board of LTE Professional Services Limited (a wholly owned company limited by shares) was made up of Mr R Cressey (from 20 October 2020) Mr P Cox and Ms A Hunter (from 20 October 2020). Mrs J Foote MBE was appointed Company Secretary.

INTERNAL CONTROL

Scope of Responsibility

The LTE Group Board is ultimately responsible for LTE Group'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 Group Board has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer. The CEO is responsible for maintaining a sound system of internal control that supports the achievement of LTE Group's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Funding agreement between LTE Group and the funding bodies. He is also responsible for reporting to the Group Board any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Group 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 at LTE Group for the year ended 31 July 2021 and up to the date of approval of the strategic report and financial statements.

LTE Group retains the internal audit services of RSM Risk Assurance Services LLP, who conducts an annual programme of internal audit assurance and reports to the Audit & Risk Committee. In addition, the Finance Department monitors the implementation of the internal auditors' recommendations and reports separately on these to the Audit & Risk Committee.

Capacity to Handle Risk

The LTE Group Board has reviewed the key risks to which LTE Group is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Group Board is of the view that there is a formal ongoing process for identifying, evaluating and managing LTE Group's significant risks. This process has been in place for the year ended 31 July 2021 and up to the date of approval of the strategic report and financial statements. The process is regularly reviewed by the Audit & Risk Committee and the LTE Group Board.

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 LTE Group Board;
- regular reviews by the Group Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The Group's Safety Health and Environment (SHE) and Risk Director is responsible for LTE Group's Corporate Risk Register and oversees the development and delivery of an Action Plan to manage identified risks. The Risk Register and Action Plan are reviewed by the Risk Management Group which meets regularly and consists of the senior managers responsible for the identified areas of risk. The work of this group is reviewed by the MD Group Operations and reported regularly to LTE Group's Audit & Risk Committee and LTE Group Board.

LTE Group 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 the analysis of the risks to which LTE Group 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 Group Board on the recommendation of the Audit & Risk Committee. As a minimum annually, the internal auditor provides the Group Board with a report on internal audit activity in LTE Group. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of LTE Group's system of risk management, controls and governance processes.

Risks Faced by the Corporation

LTE Group considers risk management to be an ongoing process and a key component of decision making and strategic planning. The Group acknowledges that effective risk management is essential for effective governance and realisation of strategic objectives and ambitions.

Ultimately, it is the LTE Group Board who is responsible for determining the nature and extent of the principal risks, it is willing to accept in order to achieve the Group's strategic objectives.

The risk management process is overseen by the Audit & Risk Committee, to gain the necessary assurances on the efficacy of the process, to relay to the Board. The Board, through the Audit Committee, and/or where appropriate through other ad-hoc due diligence groups, evaluates the risks inherent in all major plans and proposals, including the identification of the steps that would be required to mitigate, eliminate and control such risks. This includes evaluation and review of business, strategic, operational, compliance and financial risks. Please see the principle risks and uncertainties section with the strategic report for a list of the principal risk factors that may affect the Group.

The Group has also taken additional measures to support the risk management process, including the appointment of a Safety Health and Environment (SHE) and Risk Director. The Group's SHE and Risk Director is responsible for providing Group oversight and direction in relation to risk management processes, and for the maintenance of the Group Corporate Risk Register. This register is designed to capture details of residual, current and target risk scores along with key controls and related actions for each risk identified.

Business units across the Group are required to identify risk as part of their ongoing risk management arrangements and to update the register as required.

Underpinning the risk management processes is the Risk Management Policy, which describes the Group's approach to risk management and defines the roles and responsibilities of the various committees/forums and colleagues involved in the risk management process. In addition to the Risk Management Policy, the Group also has Risk Management Arrangements in place which provides more detailed explanations of risk management activities, including the processes for identifying, assessing and reporting risk information.

Roles and responsibilities relating to risk management processes are detailed separately within the Risk Management Policy and the Risk Management Arrangements. This includes arrangements and timeframes in place for reviewing risk registers across the Group's governance framework.

All colleagues across the Group's business units are required to complete an online risk management training module as part of the Group's mandatory training requirements. The Group SHE and Risk Director receives a monthly training completion report highlighting completion levels in business units so that action can be taken to address any areas where completion levels are below target. This is currently being revised and updated to include the new risk management software.

Impact of COVID-19 on Risk Management and the System of Internal Controls

At the onset of the COVID-19 crisis, a COVID-19 task group was formed, with representatives from across each of the business units. One of the initial aims of this task group was to produce a COVID-19 specific risk register, to identify both existing risks that were likely to be heightened by the crisis and any new risks emerging. This register was then used to generate a list of key priorities for each business function, and the Group as a whole, to ensure that these risks were being addressed and the appropriate mitigations put in place. This task group was still in operation throughout 2020/21.

Whilst home working continued throughout 2020/21 for Group Operations colleagues, there continued to be no disruption to key business processes, such as the monthly payroll process, invoice processing, secure supplier payments, income collection, regulatory returns and monthly financial reporting to our lenders and the Group Board. Contingency plans remained in place to mitigate the risk of multiple and concurrent COVID-19 absences, regarding performing key tasks, and to ensure that segregation of duties was maintained.

As the lockdown restrictions eased, the Board monitored the phased reopening of our campuses. By the start of September 2020, all our campuses were operational and 100% of our students in the College were able to participate in learning on site. Risk management processes were implemented, including robust risk assessments, that are run in conjunction with our trade unions in managing COVID-19 and recommencing on site activity or returning to delivery.

In 2020/21, many hundreds of risk assessments have been completed and several hundred more continue to be regularly reviewed in partnership with operational and union representatives, alongside many more Safe Systems of Work. Prior to the re-opening of any sites, after the initial national "lockdown", a series of new controls, processes and policies were put in place. This included a revised risk assessment for the overall operation of the site and updated or new risk assessments for each activity to be undertaken. All managers conducting these new or updated risk assessments had to initially undergo mandatory additional on-line training, delivered by the Health and Safety team, in how to incorporate COVID-19 related risks into the risk assessment process. The opening of any site had to be approved by a member of the executive and leadership team, and the Health and Safety team not only review documentation, but are also conducting regular site visits and audits to ensure all the required controls are in place and working well. The output of these audits is reported to senior managers.

In 2020/21, the Group has continued to raise colleagues' awareness of the significant increase in the number of potential frauds and email scams circulating as a result of COVID-19. Guidance is available on the Group intranet that outlines a range of potential financial fraud risks, how each of these risks may be heightened due to COVID-19 and what actions should be taken by all colleagues to mitigate these risks.

Therefore, despite the ongoing disruption caused by the COVID-19 crisis, there has been no adverse impact on the Group's system of internal controls and the Group remains nimble in continually assessing and updating the control environment as the business conditions change.

Control Weaknesses Identified

The external and internal auditors have not identified any significant areas of weakness or significant deficiencies in internal control during the course of their audit work for the year ended 31 July 2021.

Responsibilities Under Funding Agreements

The Members of the Corporation are collectively responsible for observing the duties set out in the grant funding agreements and contracts with the ESFA and any other relevant funding bodies.

A number of these responsibilities, and how the Group has met them, are addressed elsewhere in these financial statements. Namely, the requirement to have an Audit and Risk Committee (page 50), accountability to parliament and the requirement to have appropriate financial and management controls in place (pages 55 and 66), responsibilities relating to the accounts (page 66), and the requirement to produce a statement of regularity, propriety and compliance (page 65).

Regarding the Corporation's other contractual responsibilities, these have been met as follows:

Articles of Government

As required, the Corporation has Articles of Government, which set out the main responsibilities of the Corporation, including the effective and efficient use of resources, its solvency, and the safeguarding of its assets.

Incoming resources and funding validation

The Corporation has approved policies in place for identifying and complying with specific terms attached to incoming funding. During 2020/21, the Corporation completed and returned all necessary funding claims and returns, which were reconciled to the specific eligible costs incurred and/or activities delivered. The Corporation also has processes in place to ensure it is aware of funding rules and the evidence required to demonstrate learner eligibility. These processes include internal auditor controls, internal funding validation routines (including weekly ILR production), error free validated ILR Returns, Provider Data Self-Assessment Toolkit and Funding Rules Monitoring Reviews.

Sub-Contracting

In 2020/21, the Corporation ensured it complied with all subcontracting requirements, and submitted a signed subcontracting controls certificate to the ESFA.

Fraud, regularity and reporting

The Corporation has established robust internal controls to prevent and manage fraud, irregularity, theft, bribery, corruption. These are communicated to all colleagues via the Group's financial regulations, anti-bribery and corruption policy, and the counter-fraud policy and fraud response plan. Regular reviews of processes and controls are performed, with new or improved processes and controls introduced, as and when deemed necessary.

Impact of COVID-19 on Internal and External Audit Activities

The COVID-19 crisis has had a pervasive impact on how nearly all businesses operate, including both our internal and external audit firms. Throughout 2020/21, to reduce the risk of infection, most internal and external audit activities have been conducted remotely, with meetings facilitated by video conference and information transferred via the use of secure data exchange portals.

In 2020/21, COVID-19 has not caused any significant delays or disruptions in either internal or external audit activities.

Statement from the Audit & Risk Committee

The Audit & Risk Committee has advised the Group Board that the corporation has an effective framework for governance and risk management in place. The Committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit & Risk Committee in 2019/21 and up to the date of the approval of the financial statements are:

COVID-19 scrutiny

In 2020/21, the Audit & Risk Committee continued to have an important role to play in the Group's pandemic response.

The Audit & Risk Chair is a member of the Group's COVID-19 Task Group, and at each of the Committee meetings since March 2020, the Committee has scrutinised reports on the response to the pandemic and tested assurances in respect of income and grant funding. At each meeting, the Committee also scrutinised reports on the framework for health & safety and risk management within the Group. The focus of the Committee was on ensuring the continued wellbeing of both employees and learners.

Internal Audit

The Committee considered the 2020/21 Internal Audit Strategy and recommended it for approval to the Group Board. As set out in that strategy, during 2020/21, the Group's internal auditor, RSM, has completed several audits and advisory reviews. The Committee receive regular reports from RSM, which provide an independent opinion on the adequacy and effectiveness of the Group's system of internal control and risk management, together with any recommendations for improvement and timescales for implementation.

During 2020/21 an internal audit schedule was maintained, with some flexibility on scope and timings to allow for the restrictions of the pandemic.

External Audit

In Spring 2021, the tender for external audit services was carried out in a timely manner to allow for the transition between the old provider, PwC, and the new provider, KPMG. KPMG were appointed external auditor for LTE Group on 20 May 2021, for a period of three years from 1 August 2021 (with the option to extend for a further year).

The Committee is responsible for approving the external audit strategy and planning memorandum and for communicating with the external auditor, KPMG, on the audit approach, reporting timetables and findings. KPMG presented their Audit Plan and Strategy to the Committee in June 2021, and the Committee considered and discussed the risks identified within this document. At the November 2021 meeting, the Committee reviewed KPMG's report on the 2020/21 audit.

The Committee have also performed their annual review of the Group financial statements before they are presented to the Group Board, focusing on accounting policies, compliance with accounting standards, and the findings of the external auditor.

Health and Safety

In 2020/21, the Committee maintained oversight of the implementation of health & safety practices and risk assessments across the Group. The Committee was assured, via regular detailed reporting, that robust procedures and processes were in place to ensure the effective discharge of its responsibilities under health & safety legislation by the Board.

In 2020/21 there was a particular focus on the transition out of lockdown back to face-to-face teaching and working.

Strategic Risk Management

The Risk sections above outline the Group's risk management process and the role of the Committee in this process. In 2020/21, the internal auditor, RSM, worked with senior leaders to support the Committee in the identification of appetite levels leading to the development of a draft risk appetite framework, and the Committee endorsed a Group Appetite Statement.

Other

Other Committee activities during 2020/21 included scrutiny of the cyber security framework operated by the Group and oversight of any subject access or freedom of information requests and of public interest disclosures.

Opinion

Having considered all the above, the Committee is of the opinion that adequate and effective assurance arrangements are in place and that the framework of governance, risk management and internal control processes allow for the effective and efficient use of resources, maintains the solvency of the institution and ensures the safeguarding of its assets.

Review of Effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The CEO 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 LTE Group who have responsibility for the development and maintenance of the internal control framework; and
- comments made by LTE Group's financial statements auditors and reporting accountants for regularity assurance in their management letters and other reports.

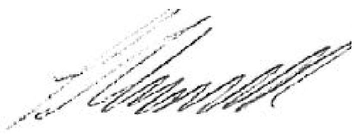
The CEO has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit & Risk Committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement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

The 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 department and reinforced by risk awareness training. The Executive Team and the Audit & Risk Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit & Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The LTE Group Board of Governors includes as a standing part of any report presented to it a section for consideration of risk and control. This is in addition to reports on key strategic risks from the senior management team and the Audit & Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the LTE Group Board carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

Based on the advice of the Audit & Risk Committee and the CEO the LTE Group Board is of the opinion that LTE Group has an adequate and effective framework for governance, risk management and control. The LTE Group Board is of the opinion that LTE Group has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the members of the Corporation on 14 December 2021 and signed on its behalf, on 22 December 2021, by:



Philip Johnson
Chair of LTE Group Board

John Thornhill
Chief Executive Officer

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

This statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31st July 2021.

Introduction

LTE Group is dedicated to procuring goods, works and services for its operating divisions without causing harm to others. In so doing, LTE Group is committed to supporting the UK Government's approach to implementing the UN Guiding Principles on Business and Human Rights.

This statement is designed to satisfy the requirements of Part 6 of the Modern Slavery Act 2015, by informing our suppliers, clients, students, staff, strategic partners and the public about LTE Group and its policy with respect to modern slavery, human trafficking, forced and bonded labour and labour rights violations in its Supply Chains.

LTE Group considers that its spend through its supply agreements warrants a statement on the risks inherent in our Supply Chains and the steps we are taking to address them, in line with LTE Group's pioneering practices in sustainable and responsible procurement.

LTE Group procures a large amount of goods, works and services from National Frameworks, who will have undertaken enquiries and evaluations into the wide range of products that are supplied, many of which are sourced from overseas manufacturers who operate in low-cost countries where modern forms of slavery are prevalent.

For those suppliers that fall into higher-risk areas, these will be asked to commit to the Base Code of the Ethical Trading Initiative (ETI) and LTE Group will be working to encourage all suppliers in these areas to support these initiatives. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice, requiring that:

- Employment is freely chosen;
- Freedom of association and the right to collective bargaining are respected;
- Working conditions are safe and hygienic;
- Child labour shall not be used;
- Living wages are paid;
- Working hours are not excessive;
- No discrimination is practised;
- Regular employment is provided; and
- No harsh or inhumane treatment is allowed.

Our Plans for the Future

LTE Group expresses its commitment to better understand its Supply Chains and work towards greater transparency and responsibility towards people working within them.

For contracts that LTE Group have awarded, we will identify those Supply Chains which represent a medium to high-risk of modern slavery, human trafficking, forced and bonded labour, and labour rights violations. Working with our suppliers, clients, students, staff, strategic partners and the public, we will closely monitor those Supply Chains that have been identified as a potential risk and take appropriate action if necessary.

Supplier Code of conduct

LTE Group endeavours to engage with suppliers, sub-contractors and strategic partners who treat their workers with dignity and respect, adhere to applicable laws and regulations, and provide their goods, works or services in an environmentally sustainable manner. It is the organisations policy to request our Supply Chain to respect the principles of our Supplier Code of Conduct and adopt practices which comply with it. LTE Group expect our suppliers, sub-contractors and strategic partners undertake to commit to the following requirements:

Employment Practices

- To comply with all employment laws applicable to its business.
- Must not use child labour which prevents children from complying with compulsory schooling or training, being harmful to their health or development.
- Must make no use of forced or compulsory labour.
- Must comply with national law and regulations regarding working hours, wages, benefits and written employment conditions.
- Must not discriminate unlawfully in its employment decisions based on: age, disability, race (including colour, nationality, ethnic group), religion or belief, sex, sexual orientation, trans gender, pregnancy or maternity, marriage or civil partnership, trade union membership or political affiliation.
- Shall not treat its workers in an inhumane or harsh way including harassment, bullying, physical or verbal abuse or other forms of intimidation.
- Must notify its employees of the applicable supplier code of conduct.

Environmental

- All waste materials and production by-products should be disposed of properly and in an environmentally responsible manner.
- All local laws and regulations must be met and operations conducted in a manner that conserves resources.
- LTE Group expect our Supply Chain to share our commitment to a clean and safe environment.
- LTE Group encourage initiatives to reduce the impact on the environment, particularly through the use of environmentally-friendly technologies.
- LTE Group's Supply Chain shall agree to respect local and international environmental regulations and standards.
- LTE Group's Supply Chain shall be able to prove the effective implementation of the following requirements: The existence of an environmental management system, possibly ISO 14001 or EMAS certified.

Health and Safety

- Employers must provide a safe and healthy work environment.
- Fire prevention equipment must be accessible (in factory and dormitory facilities), and employers are responsible for conducting fire prevention and evacuation training.
- Dormitory housing should provide clean and adequate space for employees with sanitary facilities and water supply.
- Restrooms should be clean and available for all employees.
- The supplier must have a plan for emergencies.

Ethics and Integrity

- LTE Group's Supply Chain must not offer or give, any gift or consideration of any kind as an inducement or reward for doing or refraining from doing or for having done or refrained from doing, any act in relation to the obtaining of any contract with LTE Group, or for showing or refraining from showing favour or disfavour to any person in relation to the Contract or any such other.
- LTE Group's Supply Chain must comply with all anti-bribery and anti-corruption laws applicable to our business, including the Bribery Act 2010 and the Prevention of Corruption Act 1889 to 1916.

LTE Group reserves the right to request details of how its Supply Chain complies with this Supplier Code of Conduct and expects the application of principles of the Code with their Supply Chains.

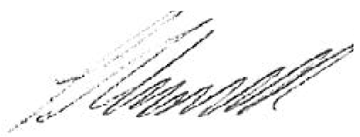
GOVERNING BODY'S STATEMENT ON LTE GROUP'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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 Group's grant funding agreements and contracts with the ESFA. As part of its consideration it has 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 irregularity or improper use of funds by LTE Group, or material non-compliance with the terms and conditions of funding under LTE Group's grant funding agreements and contracts with the ESFA, or any other public funder.

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

Philip Johnson
Chair of LTE Group Board
Date: 22 December 2021



John Thornhill
Chief Executive Officer
Date: 22 December 2021

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 grant funding agreements and contracts with the ESFA and any other relevant funding bodies, the Corporation - through its Chief Executive 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 gives a true and fair view of the state of affairs of LTE Group and its surplus 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 (which must be consistent with other disclosures in the accounts and auditor's report); and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that LTE Group will continue in operation.

The Corporation is also required to prepare a Strategic 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 LTE Group.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, 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 in order to safeguard public and other funds and to ensure they are used properly.

In addition, members of the Corporation are responsible for securing economical, efficient and effective, 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 14 December 2021 and signed on its behalf, on 22 December 2021, by:

Philip Johnson
Chair of LTE Group Board
Date: 22 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF LTE GROUP

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LTE Group ("the Group") for the year ended 31 July 2021 which comprise the Consolidated and Corporation Statements of Comprehensive Income and Expenditure, the Consolidated and Corporation Statement of Changes in Reserves, the Consolidated and Corporation Balance Sheets, the Consolidated Statement of Cash Flows and related notes, including the statement of accounting policies and estimation techniques in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Corporation's affairs as at 31 July 2021, and of the Group's and the Corporation's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Corporation or to cease their operations, and as they have concluded that the Group and the Corporation's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Corporation's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Corporation's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Corporation's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Corporation will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the LTE Group Board, the Audit and Risk Committee and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Obtaining a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from apprenticeships is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted by infrequent users, revenue journals posted to unusual accounts and material post-closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the LTE Group Board and other management (as required by auditing standards), and discussed with the LTE Group Board and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by higher education legislation and regulation, post-16 education and skills legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: compliance with Higher Education regulatory requirements of the Office for Students and Further Education regulatory requirements of the Education and Skills Funding Agency, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Corporation is responsible for the other information, which comprises the Strategic Report, the Statement of Governance and Internal Control, the Modern Slavery and Human Trafficking Statement and the Governing Body's Statement on LTE Group's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Strategic Report, the Statement of Governance and Internal Control, the Modern Slavery and Human Trafficking Statement and the Governing Body's Statement on LTE Group's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2020 to 2021 (March 2021) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 66, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Corporation'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 it either intends to liquidate the Group or the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the Corporation for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the Corporation has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Group's and the Corporation's expenditure on access and participation activities for the financial year disclosed in Note 12 has been materially misstated.

We are also required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the Corporation's grant and fee income, as disclosed in note 9 to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Corporation and Article 22 of the of the Corporation'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 Corporation and the LTE Group Board for our audit work, for this report, or for the opinions we have formed.

Clare Partridge

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
24 December 2021

REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF LTE GROUP AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (ESFA)

In accordance with the terms of our engagement letter dated 15 September 2021 and further to the requirements and conditions of funding in ESFA 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 LTE Group during the period 1 August 2020 to 31 July 2021 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 issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the corporation of LTE Group 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 LTE Group 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 LTE Group and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of LTE Group and the reporting accountant

The corporation of LTE Group 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice. 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 2020 to 31 July 2021 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 Post-16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Corporation;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of the LTE Group Board and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the Corporation has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clare Partridge

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
24 December 2021

CONSOLIDATED AND CORPORATION STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2021

	Notes	Year ended 31 July		Year ended 31 July	
		2021	2021	2020	2020
		Group	Corporation	Group	Corporation
		£'000	£'000	£'000	£'000
Funding body grants	3	135,990	123,736	134,923	121,692
Tuition fees and education contracts	4	17,824	17,526	17,351	16,923
Other grants and contracts	5	1,210	795	1,090	507
Other income	6	7,718	8,208	9,736	9,959
Investment income	7	24	24	66	65
Donations and endowments	8	299	299	106	106
		163,065	**150,588**	**163,272**	**149,252**
Staff costs (excluding FRS 102 (28) pension charge)	10	115,614	107,580	118,668	109,447
FRS 102 (28) pension charge & pension finance costs	28	6,747	6,747	5,250	5,250
Restructuring costs	10	2,078	1,736	842	808
Other operating expenses	11	31,102	27,148	30,771	26,714
Depreciation & amortisation	15, 16	8,193	7,935	6,688	6,260
Interest and other finance costs (excluding pension finance costs)	13	2,853	2,853	7,124	7,124
Total expenditure		**166,587**	**153,999**	**169,343**	**155,603**
(Deficit)/Surplus before other gains and losses		**(3,522)**	**(3,411)**	**(6,071)**	**(6,351)**
Gain/(Loss) on disposal of assets	11	1,652	1,652	8,001	8,005
Gain on investments		41	41	123	123
(Deficit)/Surplus before tax		**(1,829)**	**(1,718)**	**2,053**	**1,777**
Taxation	14	295	-	22	-
(Deficit)/Surplus for the year		**(1,534)**	**(1,718)**	**2,075**	**1,777**
Other comprehensive income		-	-	-	-
Actuarial loss in respect of pension scheme	28	805	805	(24,970)	(24,970)
Actuarial loss in respect of enhanced pension provision	23	5	5	(312)	(312)
Total comprehensive (loss) / income for the year		**(724)**	**(908)**	**(23,207)**	**(23,505)**
Represented by:					
Endowment comprehensive income for the year		43	43	263	263
Unrestricted comprehensive loss		(767)	(951)	(23,470)	(23,768)
		(724)	**(908)**	**(23,207)**	**(23,505)**
(Deficit)/Surplus for the year attributable to:					
Minority interest share in Novus Cambria		160	-	318	-
Group		(1,694)	(1,718)	1,757	1,777
		(1,534)	**(1,718)**	**2,075**	**1,777**
Total comprehensive (loss) / income for the year					
Minority interest share in Novus Cambria		160	-	318	-
Group		(884)	(908)	(23,525)	(23,505)
		(724)	**(908)**	**(23,207)**	**(23,505)**

The following table is non-GAAP disclosure and as such does not form part of these financial statements:

Non-GAAP disclosure - Education specific earnings before interest, tax, depreciation & amortisation (EBITDA)

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
(Deficit)/Surplus before other gains and losses	(1,534)	(1,718)	2,075	1,777
Less: Minority interest	(160)	-	(318)	-
Less: Tax credit	(295)	-	(22)	-
Less: Gain on disposal of assets	(1,652)	(1,652)	(8,001)	(8,005)
Less: Gain on investments	(41)	(41)	(123)	(123)
Less: Releases of capital grant income	(872)	(872)	(878)	(878)
Less: Investment income	(24)	(24)	(66)	(65)
Add: Depreciation and amortisation	8,193	7,935	6,688	6,260
Add: Interest payable and other finance costs	2,853	2,853	7,124	7,124
Add: FRS 102 (28) pension charge & pension finance costs	6,747	6,747	5,250	5,250
Education specific EBITDA	**13,215**	**13,228**	**11,729**	**11,340**

The accompanying notes form part of these financial statements.

CONSOLIDATED AND CORPORATION STATEMENT OF CHANGES IN RESERVES

	Endowment Reserve	Income and Expenditure account	Revaluation reserve	Total excluding non controlling interest	Non controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
GROUP						
Balance at 1 August 2019	**-**	**50,914**	**4,725**	**55,639**	**195**	**55,834**
Surplus for the year	-	1,757	-	1,757	318	2,075
Other comprehensive income	-	(25,282)	-	(25,282)	-	(25,282)
Transfers between endowment and income and expenditure reserves	263	(263)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	503	(503)	-	-	-
Total comprehensive income/ (expense) for the year	**263**	**(23,285)**	**(503)**	**(23,525)**	**318**	**(23,207)**
Distributions paid to minority interest share in Novus Cambria	-	-	-	-	(195)	(195)
Total transactions with minority interest share in Novus Cambria recognised directly in equity	**-**	**-**	**-**	**-**	**(195)**	**(195)**
Balance at 31 July 2020	**263**	**27,629**	**4,222**	**32,114**	**318**	**32,432**
Surplus/(deficit) for the year	-	(1,703)	-	(1,703)	169	(1,534)
Other comprehensive income	-	810	-	810	-	810
Transfers between endowment and income and expenditure reserves	43	(43)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	172	(172)	-	-	-
Total comprehensive income / (expense) for the year	**43**	**(764)**	**(172)**	**(893)**	**169**	**(724)**
Distributions paid to minority interest share in Novus Cambria	-	-	-	-	(327)	(327)
Total transactions with minority interest share in Novus Cambria recognised directly in equity	**-**	**-**	**-**	**-**	**(327)**	**(327)**
Balance at 31 July 2021	**306**	**26,865**	**4,050**	**31,221**	**160**	**31,381**
CORPORATION						
Balance at 1 August 2019	**-**	**51,298**	**4,725**	**56,023**	**-**	**56,023**
Surplus for the year	-	1,777	-	1,777	-	1,777
Other comprehensive loss	-	(25,282)	-	(25,282)	-	(25,282)
Transfers between endowment and income and expenditure reserves	263	(263)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	503	(503)	-	-	-
Total comprehensive income/ (expense) for the year	**263**	**(23,265)**	**(503)**	**(23,505)**	**-**	**(23,505)**
Balance at 31st July 2020	**263**	**28,033**	**4,222**	**32,518**	**-**	**32,518**
Deficit for the year	-	(1,718)	-	(1,718)	-	(1,718)
Other comprehensive income	-	810	-	810	-	810
Transfers between endowment and income and expenditure reserves	43	(43)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	172	(172)	-	-	-
Total comprehensive income for the year	**43**	**(779)**	**(172)**	**(908)**	**-**	**(908)**
Balance at 31 July 2021	**306**	**27,254**	**4,050**	**31,610**	**-**	**31,610**

CONSOLIDATED AND CORPORATION BALANCE SHEETS

As at 31 July 2021

	Notes	Group	Corporation	Group	Corporation
		2021	**2021**	**2020**	**2020**
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Intangible assets	15	838	173	1,038	206
Tangible fixed assets	16	189,494	189,253	141,181	140,895
Investments	17	301	1,568	260	1,527
		190,633	**190,994**	**142,479**	**142,628**
Current assets					
Stocks		70	70	99	99
Trade and other receivables	18	23,170	23,524	25,109	24,987
Cash and cash equivalents	24	20,365	18,629	33,499	31,301
		43,605	**42,223**	**58,707**	**56,387**
Less: Creditors – amounts falling due within one year	19	(45,997)	(44,747)	(30,422)	(28,190)
Net current (liabilities)/assets		**(2,392)**	**(2,524)**	**28,285**	**28,197**
Total assets less current liabilities		**188,241**	**188,470**	**170,764**	**170,825**
Less: Creditors – amounts falling due after more than one year	20	(87,968)	(87,968)	(75,240)	(75,240)
Provisions					
Defined pension benefit obligations	28	(67,040)	(67,040)	(61,098)	(61,098)
Other provisions	23	(1,852)	(1,852)	(1,994)	(1,969)
Total net assets		**31,381**	**31,610**	**32,432**	**32,518**
Restricted reserves					
Income and expenditure endowment reserve		306	306	263	263
Unrestricted reserves					
Income and expenditure account		26,865	27,254	27,629	28,033
Revaluation reserve		4,050	4,050	4,222	4,222
Minority interest share in Novus Cambria		160	0	318	-
Total unrestricted reserves		**31,381**	**31,610**	**32,432**	**32,518**

The financial statements on pages 76 to 113 were approved and authorised for issue by the Corporation on 14 December 2021 and were signed on its behalf, on 22 December 2021, by:

Philip Johnson
Chair of LTE Group Board

John Thornhill
Chief Executive Officer and Accounting Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 July 2021

	Notes	Group	Group
		2021	**2020**
		£'000	**£'000**
Cash inflow from operating activities			
(Deficit)/Surplus for the year		(1,534)	2,075
Adjustment for non-cash items			
Depreciation, amortisation and impairments	15, 16	8,193	6,688
Gain on investments		(41)	(123)
Endowment accumulated income	7	-	(31)
Decrease in stocks		29	23
(Increase)/decrease in debtors < 1 year	18	(391)	3,910
Increase/(decrease) in creditors due within one year	19	12,481	(147)
(Decrease) in creditors due after one year	20	(7,041)	(1,133)
(Decrease) in provisions	23	(163)	(139)
Pensions costs less contributions payable	10, 28	6,747	5,250
Taxation	14	(295)	(22)
Adjustment for investing or financing activities			
Investment income	7	(24)	(35)
Interest payable	13	2,853	7,124
New endowments		-	(106)
(Profit) on sale of fixed assets		(1,652)	(8,001)
Net cash flow from operating activities		**19,162**	**15,333**
Cash flows from investing activities			
Proceeds from sale of fixed assets		11,001	6,284
Investment income	7	24	35
Capital grants receipt	20	17,018	11,798
Payments made to acquire fixed assets		(52,569)	(13,179)
Payments made to acquire investments		-	(260)
Net cash flow from investing activities		**(24,526)**	**4,678**
Cash flows from financing activities			
Interest paid	13	(2,635)	(5,896)
Interest element of finance lease rental payments	13	(145)	(84)
Capital element of finance lease rental payments	20	(1,190)	(523)
New secured loans	20	5,500	27,996
Repayments of amounts borrowed	20	(8,973)	(17,141)
Endowments received		-	260
Distributions paid to minority interest share in Novus Cambria		(327)	(195)
Net cash flow from financing activities		**(7,770)**	**4,417**
(Decrease)/increase in cash and cash equivalents in the year		**(13,134)**	**24,428**
Cash and cash equivalents at beginning of the year	24	33,499	9,071
Cash and cash equivalents at end of the year	24	**20,365**	**33,499**

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status and registered office

LTE Group is a statutory corporation established under the Further and Higher Education Act 1992 (statutory instrument 2008 No. 1418). LTE Group is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

LTE Group includes Total People Holdings Limited ("Total People"), an independent training provider, which was acquired on 31 July 2015, Novus Cambria, a joint venture with Coleg Cambria, which was established on 29 September 2016 and LTE Professional Services Limited ("LTE Professional Services"), a provider of information and communications technology services and equipment, which was incorporated on 30 July 2019.

Registered office:

Openshaw Campus & Administration Centre, Ashton Old Road, Manchester, M11 2WH

2. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021, the Supplementary Bulletin to the College Accounts Direction 2020-21, the Office for Students (OfS) Accounts Direction for accounting periods beginning on or after 1 August 2019*, and in accordance with Financial Reporting Standard 102 – "*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*" (FRS 102). The Group is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Corporation has taken advantage of the following exemption in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Corporation's cash flows.

Basis of consolidation

The consolidated financial statements include the Group and its subsidiary undertakings, 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 period 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. All financial statements are made up to 31 July 2021.

Going Concern

The financial statements have been prepared on a going concern basis, which the Board of Governors considers to be appropriate for the following reasons.

The Board believes that the Group and Corporation will be able to continue in operation and meet their liabilities taking account of the current position and principal risks. The Board has in place a five-year financial plan to 2025, which is being reviewed in line with the Board approved Resilience Plan. The Transition Year Plan for 2021/22 provides for a greater level of central contingency than in normal years and also enables key elements of future strategy to progress, such as the estates infrastructure programme. A key part of the scenario testing work that went to the Board was a forward cash view supported by a detailed, integrated 24-month cash flow forecast, which links to the two budgeted years ending on 31 July 2023.

These cash flow forecasts have been tested with sensitivities, including several reasonably possible downside scenarios, and are regularly updated and reviewed by both the Executive team and Board of Governors. Key risks such as reductions in funding, the challenges to commercial income, the economic situation and our estates strategy, along with reasonable mitigating actions, have been factored into the sensitivities which have been performed on the 24-month cash flow forecast.

The Group's recent cash performance has been strong. Further development funding will be drawn down from an agreed facility with Santander to support the estates build (which is on timeline and to budget) and disposals are progressing well with strong interest in the form of formal offers in the two main high value sites at above our business case.

Consequently, the Board of Governors is confident that the Group and College will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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

Grants from non-government sources are recognised in income when the Group 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 capital grants are recognised in income when the Group is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

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

Agency arrangements

The Group acts as an agent in the collection and payment of certain discretionary support funds. Related payments received for the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction and are shown separately in note 30.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Greater Manchester Pension Scheme (GMPF)

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

NOTES TO THE FINANCIAL STATEMENTS – continued

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

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

Short term Employment benefits

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

Enhanced Pension

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the Group 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 Group's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

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

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

Land and buildings

Land and buildings inherited from the Local Education Authority along with land and buildings acquired before 1 September 1997 are held on the balance sheet at the last formal revaluation which took place on 1 September 1997. The valuation determined the useful economic life of these assets to be less than those for new build which is 50 years. This valuation was on the basis of depreciated replacement cost.

Land and buildings acquired since 1 September 1997 are included in the balance sheet at historical cost. These values are retained subject to the requirement to test assets for impairment if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable in accordance with FRS 102.

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

Freehold buildings are depreciated over their expected useful economic life to the Group of 50 years.

However, refurbishment/additions to existing buildings and leasehold improvements are depreciated over their remaining useful lives or lease lives whichever is the lesser.

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

On adoption of FRS 102, the Group followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July 2021. 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:

- Market value of the fixed asset has subsequently improved.
- 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.

Equipment

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Equipment is depreciated over its useful economic life on a straight line basis at the following rates:

Fixtures and fittings	3 years - 10 years
Electronic equipment	4 years (7 years for Data Centre)
Computer software	3 years – 5 years
Other plant & equipment	6 years - 10 years
Motor vehicles	4 years

All above categories are classified as Equipment.

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.

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

NOTES TO THE FINANCIAL STATEMENTS – continued

Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised to the income and expenditure account over its estimated economic life of 10 years.

Other intangible assets

For all other intangible assets amortisation is provided on a straight-line basis over their estimated useful life. The amortisation period and the amortisation method for intangible assets are reviewed at each financial year-end.

- Customer related and contract-based intangibles

Customer relations are carried at cost less accumulated amortisation and any impairment losses. Cost is defined as the fair value as at the date of the business combination. The carrying amounts of these intangible assets are reviewed annually for indicators that these assets may be impaired. Amortisation is provided to write down the customer relations, on a straight-line method over the estimated useful life of between 3 and 10 years. Useful economic life is dependent upon the life of the existing customer relationships at the point of acquisition, the reputational standing incorporating key management personnel with intellectual/ institutional/sector knowledge of the acquired and its demonstrable ability to maintain those relationships.

- Market-related intangibles (including branding, reputation and market share)

These intangible assets are shown at cost less accumulated amortisation and impairment losses. Cost represents fair value as at the date of the business combination. Amortisation is calculated using the straight-line method to allocate costs over the estimated useful life of the preferred supplier contracts. Useful economic life expected to be 10 years unless the acquisition is acquired specifically for resale in the short term.

- Other intangible assets – Distress cases

Other intangible assets – distress cases are carried at cost less accumulated amortisation and any impairment losses. The Total People Group has a good reputation within the sector in dealing with distress cases (other failing apprenticeship providers) passed on to it by the funding body.

The account management structure is seen to have a reliable operational functionality of sufficient quality to be able to revitalise and transform liquidated or failing providers to fulfil the funding bodies' obligations. Amortisation is provided to write down other intangible assets on a straight-line method over the estimated useful life of 5 years.

- Website costs

For website costs included within intangible assets, are carried at cost less accumulated amortisation is provided on a straight-line basis over their estimated useful life. The amortisation period of 10 years and the amortisation method for intangible assets are reviewed at each financial year-end.

Borrowing costs

Finance costs which are directly attributable to the purchase of land and construction of buildings are capitalised as part of the costs, until such time when the asset comes into use. Finance costs beyond this date are charged directly to the income and expenditure account.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Results of joint ventures in which the Group has 50% or more are included in the Group's results and disclosed under related party transactions.

Leased assets

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

Leasing agreements which transfer to the Group 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.

Stocks

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

Cash and cash equivalents

Cash includes cash in hand, 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 and are subsequently re-measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The Corporation 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 Corporation is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS – continued

The Corporation is exempt from levying VAT on most of the services it provides to learners. For this reason, the Corporation is generally unable to recover input VAT it suffers on goods and services purchased. Non – pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

A contingent liability arises from a past event that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- A determination of whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Annually, the Group considers whether intangible assets, goodwill or investments are impaired. Where there is such an indication, the recoverable amount of the asset is compared to the carrying value of the asset. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Where an indication of impairment is identified, an assessment of the recoverable value of the cash generating units (CGUs) is required. This requires estimation of the future cash flows from the CGUs, discounted at an appropriate rate, in order to calculate the net present value of those cash flows. This enables the Group to determine whether an impairment of the Group's intangible and tangible assets, including goodwill and investments, is required. Any impairment is recognised in the consolidated statement of comprehensive income and expenditure. If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Other key sources of estimation uncertainty

- *Tangible fixed assets*
  Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
  The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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.

NOTES TO THE FINANCIAL STATEMENTS – continued

3. Funding body grants

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Recurrent grants				
ESFA - adult education budget	5,018	642	4,394	597
ESFA - 16-18	33,037	29,981	29,458	25,042
Office for Students (OfS)	709	709	673	673
Specific grants				
Other funding body - MoJ/YJB/MCC/ ESFA	91,558	86,792	94,459	89,786
ESFA – provider relief scheme	51	-	339	-
Teacher Pension Scheme contribution grant	3,791	3,786	3,762	3,756
Releases of government capital grants	872	872	878	878
Other funds	954	954	960	960
Total	**135,990**	**123,736**	**134,923**	**121,692**

4. Tuition fees and education contracts

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Adult education fees	5,882	5,634	5,712	5,521
Apprenticeship contracts	50	-	241	-
Fees for FE loan supported courses	387	387	292	292
Fees for HE loan supported courses	9,119	9,119	8,842	8,846
Total tuition fees	15,438	15,140	15,087	14,659
Education contracts	2,386	2,386	2,264	2,264
Total	**17,824**	**17,526**	**17,351**	**16,923**

5. Other grants and contracts

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Other grant income	608	608	426	426
Coronavirus Job Retention Scheme grant	602	187	664	81
Total	**1,210**	**795**	**1,090**	**507**

Under the government's Coronavirus Job Retention Scheme, the College furloughed some of the unfunded catering staff and some of the unfunded sports staff. The funding received in respect of 37 staff of £143k (2020: 34 staff, £81k) relates to staff costs which are included within note 10.

Under this scheme Total People also furloughed some delivery colleagues and business support colleagues (Data and Funding, Marketing, Corporate Services and Customer Services Advisors). The funding received in respect of up to 114 staff of which £415k (2020: 103 staff, £583k) relates to staff costs which are included within note 10.

6. Other income

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Residencies, catering and conferences	286	286	973	973
Other income generating activities	2,275	2,217	2,068	2,068
Other income*	5,157	5,705	6,695	6,918
Total	**7,718**	**8,208**	**9,736**	**9,959**

* This includes miscellaneous income £4,312k (2020: £5,398k), Rental income £117k (2020: £197k), Exam fee income £250k (2020: £294k), Nursery income £478k (2020: £806k).

7. Investment income

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Endowment income	2	2	35	35
Interest receivable	22	22	31	30
Total	**24**	**24**	**66**	**65**

8. Donations and endowments

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Unrestricted donations	299	299	-	-
New endowments	-	-	106	106
Total	**299**	**299**	**106**	**106**

NOTES TO THE FINANCIAL STATEMENTS – continued

9. Grant and fee income

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	**Corporation**	**Group**	**Corporation**
	£'000	**£'000**	**£'000**	**£'000**
Grant income from the OfS	1,073	1,073	1,045	1,045
Fee income for taught awards (exclusive of VAT)	9,119	9,119	8,846	8,846
Total	**10,192**	**10,192**	**9,891**	**9,891**

10. Staff costs - Group and Corporation

For the year ended 31 July 2021

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

	Group	Corporation	Group	Corporation
	2021	**2021**	**2020**	**2020**
	No.	**No.**	**No.**	**No.**
Teaching staff	1,582	1,460	1,656	1,512
Non-teaching staff	1,252	1,153	1,273	1,155
Total	**2,834**	**2,613**	**2,929**	**2,667**

Staff costs for the above persons	**2021**	**2021**	**2020**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	88,393	81,501	91,572	83,472
Social security costs	8,378	7,732	8,637	7,928
Other pension costs - excluding FRS 102 (28) pension charge	15,571	15,231	15,658	15,462
Payroll sub total	**112,342**	**104,464**	**115,867**	**106,862**
Contracted out staffing services	3,272	3,116	2,801	2,585
	115,614	**107,580**	**118,668**	**109,447**
FRS102 (28) pension charge	5,750	5,750	4,650	4,650
	121,364	**113,330**	**123,318**	**114,097**
Restructuring costs				
Contractual	1,828	1,494	723	692
Non contractual	250	242	119	116
	123,442	**115,066**	**124,160**	**114,905**

The severance payments included in restructuring costs were approved by the Group's Corporation. Of these £2,078k group restructuring costs, £1,494k are considered to be fundamental.

The prior year average number of persons (including key management personnel) employed by the Group during the year, described as full-time equivalents has been adjusted to be consistent with current year measurement.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and are represented by the Group Executive Team. Staff costs include compensation paid to key management personnel for loss of office.

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

	2021	2020
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	7	5

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

	Key management personnel				Other staff			
	2021		**2020**		**2021**		**2020**	
	ESFA	**OfS**	**ESFA**	**OfS**	**ESFA**	**OfS**	**ESFA**	**OfS**
	No.	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
£60,001 to £65,000 p.a.	-	-	-	-	11	13	14	13
£65,001 to £70,000 p.a.	-	-	-	-	8	5	7	6
£70,001 to £75,000 p.a.	-	-	-	-	9	7	5	5
£75,001 to £80,000 p.a.	-	1	-	1	2	2	6	4
£80,001 to £85,000 p.a.	1	-	-	-	5	3	3	2
£85,001 to £90,000 p.a.	-	-	1	-	-	-	3	2
£90,001 to £95,000 p.a.	-	-	-	-	1	2	3	2
£95,001 to £100,000 p.a.	-	-	-	-	2	-	-	1
£100,001 to £105,000 p.a.	-	-	-	-	2	3	3	2
£105,001 to £110,000 p.a.	-	-	-	-	-	1	2	-
£110,001 to £115,000 p.a.	-	1	-	-	-	-	2	2
£115,001 to £120,000 p.a.	-	-	-	-	2	4	2	2
£120,001 to £125,000 p.a.	-	-	-	-	1	2	1	1
£125,001 to £130,000 p.a.	-	-	-	-	1	-	-	-
£130,001 to £135,000 p.a.	-	-	-	-	1	-	-	-
£135,001 to £140,000 p.a.	1	-	-	1	-	-	1	-
£140,001 to £145,000 p.a.	1	3	-	1	-	-	1	-
£145,001 to £150,000 p.a.	1	-	-	-	-	-	-	-
£150,001 to £155,000 p.a.	1	-	-	1	-	-	-	-
£155,001 to £160,000 p.a.	-	-	-	-	-	-	-	-
£160,001 to £165,000 p.a.	-	-	1	-	-	-	-	-
£165,001 to £170,000 p.a.	1	1	1	-	-	-	-	-
£170,001 to £175,000 p.a.	-	-	1	-	-	-	-	-
£175,001 to £180,000 p.a.	-	-	-	-	-	-	-	-
£180,001 to £185,000 p.a.	-	-	-	-	-	-	-	-
£185,001 to £190,000 p.a.	-	-	-	-	-	-	-	-
£190,001 to £195,000 p.a.	-	-	-	-	-	-	-	-
£195,001 to £200,000 p.a.	-	-	-	-	-	-	-	-
£200,001 to £205,000 p.a.	-	-	-	-	-	-	-	-
£205,001 to £210,000 p.a.	-	1	-	1	-	-	-	-
£240,001 to £245,000 p.a.	-	-	-	-	-	-	-	-
£245,001 to £250,000 p.a.	1	-	-	-	-	-	-	-
£250,001 to £255,000 p.a.	-	-	-	-	-	-	-	-
£255,001 to £260,000 p.a.	-	-	-	-	-	-	-	-
£260,001 to £265,000 p.a.	-	-	1	-	-	-	-	-
	7	**7**	**5**	**5**	**45**	**42**	**53**	**42**

NOTES TO THE FINANCIAL STATEMENTS – continued

The ESFA banding disclosures capture "head count" numbers, in the appropriate banding for the full year emoluments. Staff who have left or joined in the year are not included.

The OfS banding disclosures capture "head count" numbers, in the appropriate banding for full-time equivalent basic salaries, as determined at the financial year end. Staff who have left or joined in the year are not included in the year are not included.

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	**£'000**
Basic Salary	1,003	741
Performance related pay and bonus	12	46
Payment in lieu of pensions	33	33
Other including benefits in kind	37	29
	1,085	**849**
Pension contributions	155	105
Total emoluments	**1,240**	**954**

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

The year-on-year increase in 2020/21 in key management personnel emoluments is due to the number of key personnel increasing in the year to 7, from 5 in the previous year.

To be consistent with the current year, the prior year compensation has been re-analysed to show payment in lieu of pensions and other compensation separately, which were previously included in basic salary.

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

	2021	2020
	£'000	**£'000**
Basic Salary	207	207
Performance related pay and bonus	-	13
Payment in lieu of pensions	33	33
Other including benefits in kind	7	7
	247	**260**
Pension contributions	-	-
Total emoluments	**247**	**260**

As of 1 December 2018, the Accounting Officer left the LGPS pension scheme and received a pension cash option in lieu. In 2020/21 this totalled £32,620 (2019/20: £32,836).

To be consistent with the current year, the prior year compensation has been re-analysed to show other compensation separately, which was previously included in basic salary.

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.

The LTE Group Board has adopted AoC's Senior Staff Remuneration Code in April 2019 and will assess pay in line with its principles in future.

The remuneration package of Key management staff, including the CEO/Accounting Officer, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The CEO/Accounting Officer reports to the Chair of LTE Group Board, who undertakes an annual review of his performance against the Group's overall objectives using both qualitative and quantitative measures of performance.

Relationship of CEO/Accounting Officer pay and remuneration expressed as a multiple:

	2021	2020
CEO/Accounting Officer's basic salary as a multiple of the median of all staff	7.1	7.4
CEO/Accounting Officer's total remuneration as a multiple of the median of all staff	7.3	7.9

The median pay is calculated on a full-time equivalent basis for the salaries paid by the Group to its staff, and the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the Group of its staff. In line with the 2019/20 OfS Accounts Direction, the Group has incorporated into the pay median staff included in real-time reporting to HMRC only.

11. Other operating expenses

For the year ended 31 July 2021

	2021	2021	2020	2020
	Group	**Corporation**	**Group**	**Corporation**
	£'000	**£'000**	**£'000**	**£'000**
Teaching costs	11,625	8,978	12,669	9,804
Non-teaching costs	14,734	14,024	13,061	13,003
Premises costs	4,743	4,146	5,041	3,907
Total	**31,102**	**27,148**	**30,771**	**26,714**

Other operating expenses include:

	2021	2021	2020	2020
	£'000	**£'000**	**£'000**	**£'000**
Auditors' remuneration:				
Prior year financial statements audit	71	40	64	64
Financial statements audit	222	158	126	77
Internal audit	50	42	52	46
Other services provided by External auditors - Funding Advisory	-	-	103	103
Other services provided by External auditors - Tax Advice and Services	7	7	-	-
Other services provided by External auditors - Tax Services	8*	8*	-	-
Other services provided by Internal auditors - Integrated Financial Model Development	15	15	53*	53*
Other services provided by Internal auditors - Financial Modelling	22	22		-
Other services provided by Internal auditors - Risk Management	7	7	-	-
Profit on disposal of non-current assets	1,652	1,652	8,001	8,005
Hire of other assets Plant & Mach- operating leases	648	648	626	609
Hire of other assets - operating leases	1,239	927	1,078	599

* These costs are not included in operating expenses, but instead capitalised as part of the estates strategy project.

The amounts disclosed above are inclusive of VAT. Excluding VAT, the charge for the 2020/21 financial statements audit is £185k.

NOTES TO THE FINANCIAL STATEMENTS – continued

12. Access and participation spending (Group and Corporation)

For the year ended 31 July 2021

	2021	2020
Access investment	**£'000**	**£'000**
Pre 16	22	42
Post 16	48	34
Adults and communities	45	34
Other	4	29
Total access investment	**119**	**139**
Financial support	206	106
Support for disabled students	16	40
Research and evaluation	-	-
Total	**341**	**285**

£131k (2019/20: £156k) of the above are staff costs and included within note 10.

The published Access and Participation Plan can be accessed via https://www.officeforstudents.org.uk/advice-and-guidance/the-register/search-for-access-and-participation-plans/#/AccessPlans/accessplans/10023139.

13. Interest and other finance costs (Group and Corporation)

For the year ended 31 July 2021

	2021	2020
	£'000	**£'000**
On bank loans, overdrafts and other loans*	2,682	7,005
On finance leases	145	84
Enhanced pension provision costs	26	35
Total	**2,853**	**7,124**

* This includes £nil (2019/20: £3,995k) of break costs incurred on the commencement of the new funding facilities with Santander, which replaced the debt formerly held with RBS and AIB. It also includes £459k (2019/20: £197k) of non-utilisation fees, in respect of the Santander development revolving and revolving facilities.

14. Taxation (Group)

For the year ended 31 July 2021

	2021	2020
	£'000	**£'000**
Deferred tax in the accounts of the subsidiary company	(295)	(22)
Total	**(295)**	**(22)**

The members do not believe that the Corporation was liable for any corporation tax arising out of its activities during either year. The deferred tax is all in the Group's subsidiary, Total People Limited.

15. Intangible assets (Group)

For the year ended 31 July 2021

	Goodwill	Other	Website	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 31 July 2021	**1,078**	**1,050**	**373**	**2,501**
Amortisation				
At 1 August 2020	484	812	167	1,463
Charge for the year	119	48	33	200
At 31 July 2021	**603**	**860**	**200**	**1,663**
Net book value at 31 July 2021	**475**	**190**	**173**	**838**
Net book value at 31 July 2020	594	238	206	1,038

Goodwill arising on acquisition is amortised over 10 years. Other intangibles have different lives. These arose from the acquisition of Total People Holdings Limited on 31 July 2015. The composition is as follows:

Intangibles - Other

	Original value	Net Book value	U.E.L
	£'000	**£'000**	**(years)**
Contractual customer relationships			
Bentley	250	-	**5**
Barlows	25	-	**5**
South Cheshire College	200	80	**10**
Cheshire West Council / Great Sanky High School / Cheshire East / Ricoh	50	-	**3**
Brand name, reputation, market share	275	110	**10**
Distress cases	250	-	**5**
	1,050	**190**	

Website costs are being amortised over 10 years.

Intangible assets (Corporation only)

For the year ended 31 July 2021

	Website
	£'000
Cost or valuation	
At 1 August 2020 and at 31 July 2021	**373**
Amortisation	
At 1 August 2020	167
Charge for the year	33
At 31 July 2021	**200**
Net book value at 31 July 2021	**173**
Net book value at 31 July 2020	206

NOTES TO THE FINANCIAL STATEMENTS – continued

16. Tangible fixed assets (Group)

	Land and buildings		Assets under Construction	Equipment	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	157,687	1,029	15,765	30,339	204,820
Additions	-	-	56,257	4,831	61,088
Disposals	(6,342)	-	-	(6)	(6,348)
At 31 July 2021	**151,345**	**1,029**	**72,022**	**35,164**	**259,560**
Depreciation					
At 1 August 2020	42,354	225	-	21,060	63,639
Charge for the year	2,745	20	-	4,215	6,980
Impairments	1,013	-	-	-	1,013
Elimination in respect of disposals	(1,560)	-	-	(6)	(1,566)
At 31 July 2021	**44,552**	**245**	**0**	**25,269**	**70,066**
Net book value at 31 July 2021	**106,793**	**784**	**72,022**	**9,895**	**189,494**
Net book value at 31 July 2020	115,333	804	15,765	9,279	141,181

The net carrying amount of assets held under finance leases included in equipment is £3,121k (2020: £2,002k).

The impairment loss recognised on tangible fixed assets in the period was £1,013k (2019/20: – £nil) and is included in depreciation in the consolidated income statement. This loss has arisen on a peripheral, non-teaching site that is scheduled to be disposed of as part of the Group's estates programme, due to it being written down to recoverable amount, being the higher of its fair value less costs to sell and value in use.

Tangible fixed assets (Corporation only)

	Land and buildings		Assets under Construction	Equipment	Total
	Freehold	Long leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	157,687	1,029	15,765	28,634	203,115
Additions	-	-	56,257	4,785	61,042
Transfers	-	-	-	-	-
Disposals	(6,342)	-	-	(6)	(6,348)
At 31 July 2021	**151,345**	**1,029**	**72,022**	**33,413**	**257,809**
Depreciation					
At 1 August 2020	42,354	225	-	19,641	62,220
Charge for the year	2,745	20	-	4,124	6,889
Transfers	1,013	-	-	-	1,013
Elimination in respect of disposals	(1,560)	-	-	(6)	(1,566)
At 31 July 2021	**44,552**	**245**	**-**	**23,759**	**68,556**
Net book value at 31 July 2021	**106,793**	**784**	**72,022**	**9,654**	**189,253**
Net book value at 31 July 2020	115,333	804	15,765	8,993	140,895

The transitional rules set out in FRS 102 Tangible Fixed Assets have been applied on implementing FRS102. Accordingly, the book values at implementation have been retained. Land and buildings were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the Group on a depreciated replacement cost basis with the assistance of independent professional advice. The net carrying amount of assets held under finance leases included in equipment is £2,002k (2019: £nil).

The net carrying amount of assets held under finance leases included in equipment is £3,121k (2020: £2,002k).

The impairment loss recognised on tangible fixed assets in the period was £1,013k (2019/20: – £nil) and is included in depreciation in the consolidated income statement. This loss has arisen on a peripheral, non-teaching site that is scheduled to be disposed of as part of the Group's estates programme, due to it being written down to recoverable amount, being the higher of its fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS – continued

17. INVESTMENTS

Group

	2021	2020
	£	£
Investments carried at fair value through the Statement of Comprehensive Income	301	260
NBV at 31 July 2021	**301**	**260**

Corporation

	2021	2020
	£	£
Investments in subsidiary companies	3,015	3,015
Investments carried at fair value through the Statement of Comprehensive Income	301	260
Impairment	(1,748)	(1,748)
NBV at 31 July 2021	**1,568**	**1,527**

Total People Holdings Limited

On 31st July 2015 the Group acquired 100% of the ordinary share capital of Total People Holdings Limited, a group of companies that are registered in England and Wales as follows:

COMPANY NAME	SHAREHOLDING	NATURE OF BUSINESS
Total People Holdings Limited	100%	Holding company - Dormant
Total People Limited*	100%	Training and apprenticeship provider
The Total Apprenticeship Training Company Limited**	100%	Apprenticeship training
Total People Employee Benefit Trustee Limited*	100%	Dormant

*The shares in these companies are held by Total People Holdings Limited
** The shares in this company are held by Total People Limited

Manchester Education and Training Limited

The Group is in a joint venture arrangement with Manchester City Council, (Manchester Education and Training limited), a company incorporated in England and Wales, the entity being a charitable company limited by guarantee.

The results of Manchester Education and Training Limited for the year ended 31st July 2021 are as follows:

	2021	2020
	£	£
Incoming resources	11,130	11,130
Operating costs	(21,972)	(22,135)
Net outgoing resources	**(10,842)**	**(11,005)**
Fixed assets	604,461	626,433
Current assets	301,538	290,408
Current liabilities	(12,930)	(12,930)
Net assets	**893,069**	**903,911**

The incoming resources are made up of the annual service charge to LTE group. The net outgoing resources are stated after charging depreciation amounting to £21,972 (2020: £21,972).

Novus Cambria

Novus Cambria is a private limited company by guarantee without share capital and exempt from the requirement to include 'limited' in its name. The company has two members: LTE Group and Coleg Cambria. Both members are corporations established under the Further and Higher Education Act 1992. Each member has guaranteed to contribute £1 to the assets of the company in the event of it being wound up. LTE Group is the parent company as it has 60% of the voting rights of the members. The registered office is C/O Coleg Cambria, Grove Park Road, Wrexham, United Kingdom, LL12 7AB.

Manchester Film School Limited

The LTE Group has a 100% shareholding in Manchester Film School Limited. This is a dormant, private limited company. The registered office is Whitworth House, Ashton Old Road, Manchester, United Kingdom M11 2WH.

The Manchester College

The LTE Group has a 100% shareholding in The Manchester College. This is a dormant, private limited company by guarantee, without share capital, and exempt from the requirement to include 'limited' in its name. The registered office is Openshaw Campus, Ashton Old Road, Manchester, United Kingdom M11 2WH.

LTE Professional Services Limited

The LTE Group has a 100% shareholding in LTE Professional Services Limited. This is a private limited company. The registered office is Whitworth House, Ashton Old Road, Manchester, United Kingdom M11 2WH.

Novus Works Holdings Limited

The LTE Group has a 100% shareholding in Novus Works Holdings Limited. This is a private limited company. The registered office is Whitworth House, Ashton Old Road, Manchester, United Kingdom M11 2WH.

ASSETS HELD FOR SALE

There were no assets held for resale in the year (2020: none).

18. DEBTORS

	Group	Corporation	Group	Corporation
	2021	**2021**	**2020**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year:				
Trade receivables	6,470	5,921	5,379	4,481
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,981	-	3,592
Joint venture undertakings	13	-	13	-
Prepayments and accrued income	11,841	10,517	13,437	11,435
Corporation tax debtor	22	-	22	-
Other debtors	4,362	4,105	5,466	5,479
Amounts owed by the ESFA	462	-	792	-
Total	**23,170**	**23,524**	**25,109**	**24,987**

Group trade receivables are stated net of a doubtful debt provision of £888k (2020: £694k). During the year, trade debtors totalling £139k were written-off (2020: £138k).

Prepayments and accrued income include £nil (2020: £2,625k) falling due after more than one year.

Amounts owed by group undertakings are unsecured and interest free and repayable as per intercompany agreements. Included in amounts due from subsidiary undertakings is amounts due of £2,756k from Total People (2020: £2,778k). It has been confirmed by the LTE Group Board that, of this, only amounts up to £630k will be recalled from Total People prior to the 31 July 2022. The remaining balance is expected to be paid thereafter and hence is considered to be non-current.

19. CREDITORS - amounts falling due within one year

	Group	Corporation	Group	Corporation
	2021	**2021**	**2020**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts	1,902	1,902	8,064	8,064
Obligations under finance leases	1,973	1,973	801	801
Payments in advance	1,126	1,126	854	854
Trade payables	1,582	1,543	1,407	1,189
Amounts owed to group undertakings:				
Subsidiary undertakings	-	750	-	-
Joint venture undertakings	301	-	290	-
Other taxation and social security	3,350	3,214	2,423	2,259
Accruals and deferred income	22,805	21,318	12,647	11,305
Deferred income - government capital grants	7,489	7,489	1,037	1,037
Amounts owed to the ESFA	978	896	135	31
Other creditors	4,491	4,536	2,764	2,650
Total	**45,997**	**44,747**	**30,422**	**28,190**

20. CREDITORS – amounts falling due after more than one year

	Group	Corporation	Group	Corporation
	2021	**2021**	**2020**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans	44,398	44,398	41,610	41,610
Obligations under finance leases	1,147	1,147	1,184	1,184
Deferred income - government capital grants	41,916	41,916	32,193	32,193
Other	507	507	253	253
Total	**87,968**	**87,968**	**75,240**	**75,240**

21. MATURITY OF DEBT

Bank loans

Bank loans are repayable as follows:

	Group	Corporation	Group	Corporation
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
In one year or less	1,902	1,902	8,064	8,064
Between one and two years	4,902	4,902	1,960	1,960
Between two and five years	32,934	32,934	13,382	13,382
In five years or more	6,562	6,562	26,268	26,268
Total	**46,300**	**46,300**	**49,674**	**49,674**

Loans are with Santander £22.989m (2020: £24.140m), and with The Council of the City of Manchester (MCC) totalling £20.311m (2020: £25.534m). All loans are secured by a legal charge on a portion of the freehold land and buildings of the Group.

In addition, as part of the Santander facilities, the Group has available a £31.0m development credit revolving facility and a £3.0m revolving credit facility. In 2020/21 there was a £3.0m drawdown on the revolving credit facility, but no drawdowns on the development credit revolving facility (2019/20: no drawdowns on either facility).

£24.410m from Santander was recognised on inception of the loan, with a loan drawdown of £25.000m shown net of the arrangement fee of £590k, which is being amortised over the life of the loan. This was for an original term starting February 2020 to February 2026. Up until the 25th August 2020 this loan was at a variable interest rate of LIBOR + 2.5% margin. From 26th August 2020 a fixed rate of 0.16% + 2.5% margin has been agreed, up until and including 29th August 2023. Loan termination/refinancing year is 2026. At year end the balance was £22.989m (2020: £24.140m).

£17.600m from MCC was recognised on inception of the loan, and in 2019/20, £1.045m of accrued interest was capitalised and added to the principle amount. This was for an original term February 2019 to March 2035, at an initial fixed interest rate of 6.60%. From 30th June 2021, following an early repayment of £6.500m, this rate reduced to 4.60%. Loan to be fully repaid by 2035. At year end the balance was £10.311m (2019: £18.034m).

£10.000m from MCC, for original term starting February 2020 (first advance £5.000m), June 2020 (second advance £2.500m) and January 2021 (third advance £2.500m) to February 2024, at a fixed interest rate of 4.6%. Loan to be fully repaid by 2024. At year end the balance was £10.000m (2020: £7.500m).

At year end the balance drawn on the revolving credit facility was £3.000m (2020: £nil).

Finance Leases

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

	Group	Corporation	Group	Corporation
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
In one year or less	1,973	1,973	801	801
Between one and two years	1,303	1,303	801	801
Between two and five years	-	-	534	534
In five years or more	-	-	-	-
Total	**3,276**	**3,276**	**2,136**	**2,136**

22. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability in another entity. The carrying value of the Group and Corporation's financial assets and liabilities are summarised by category below:

	Notes	Group	Corporation	Group	Corporation
		2021	2021	2020	2020
		£'000	£'000	£'000	£'000
Financial assets measured at fair value through income and expenditure:					
Investments (non - current)	17	301	301	260	260
Financial assets measured at amortised cost:					
Trade receivables	18	6,470	5,921	5,379	4,481
Other receivables	18	12,339	10,517	16,445	14,286
Amounts owed by subsidiary undertakings	18	-	2,981	-	3,592
Amounts owed by joint venture undertakings	18	13	-	13	-
Total		**19,123**	**19,720**	**22,097**	**22,619**
Financial liabilities measured at amortised cost:					
Loans	19 / 20	46,300	46,300	49,674	49,674
Finance leases	19 / 20	3,120	3,120	1,985	1,985
Trade payables	19	1,582	1,543	1,407	1,189
Other payables	19	23,448	22,602	12,529	11,326
Total		**74,450**	**73,565**	**65,595**	**64,174**

In the prior year, the Corporation's Investments (non-current) balance was excluded and disclosed as £nil. To be consistent, this has been adjusted in the current year.

23. OTHER PROVISIONS

Group and Corporation			2021	2020
	Enhanced pensions	Other	Total	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	1,969	25	1,994	1,808
Unrelieved tax losses	-	(25)	(25)	-
Expenditure in the period	(138)	-	(138)	(161)
Interest cost	26	-	26	35
Actuarial (gain) / loss	(5)	-	(5)	312
At 31 July 2021	**1,852**	**-**	**1,852**	**1,994**

Other provisions relate to the deferred tax provision in Total People Limited financial statements. The enhanced pension provision relates to the cost of staff who have already left the Group's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
	%	%
Price inflation	2.6	2.2
Discount rate	1.6	1.3

NOTES TO THE FINANCIAL STATEMENTS – continued

24. CASH AND CASH EQUIVALENTS

Group	At 1 August 2020	Cash flows	At 31 July 2021
	£'000	**£'000**	**£'000**
Cash and cash equivalents	33,499	(13,134)	20,365
Total	**33,499**	**(13,134)**	**20,365**

Corporation	At 1 August 2020	Cash flows	At 31 July 2021
	£'000	**£'000**	**£'000**
Cash and cash equivalents	31,301	(12,672)	18,629
Total	**31,301**	**(12,672)**	**18,629**

25. CONSOLIDATED RECONCILIATION OF NET DEBT

	At 1 August 2020	Cash Flows	New Finance Leases	Non-cash changes	At 31 July 2021
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	33,499	(13,134)	-	-	20,365
Bank loans	(49,674)	3,473	-	(99)	(46,300)
Obligations under finance leases	(1,985)	1,335	(2,325)	(145)	(3,120)
Net debt	**(18,160)**	**(8,326)**	**(2,325)**	**(244)**	**(29,055)**

ANALYSIS OF DEBT

	2021	2020
	£'000	**£'000**
Cash and cash equivalents	20,365	33,499
Borrowings: amounts falling due within one year		
Bank loans	(1,902)	(8,064)
Obligations under finance leases	(1,973)	(801)
	(3,875)	**(8,865)**
Borrowings: amounts falling due after more than one year		
Bank loans	(44,398)	(41,610)
Obligations under finance leases	(1,147)	(1,184)
	(45,545)	**(42,794)**
Net debt	**(29,055)**	**(18,160)**

26. CAPITAL COMMITMENTS

	Group and Corporation	
	2021	2020
	£'000	**£'000**
Commitments contracted for at 31 July	**23,965**	**73,9237**

Of the total commitments, £20.8m relates to the estates strategy build contracts, the committed funding of which comprises the undrawn £31.0m development credit revolving facility (see note 21), the GMCA grant, MCC loans (see note 21) and disposals receipts (see note 31).

27. LEASE OBLIGATIONS

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

	Group	Corporation	Group	Corporation
	2021	**2021**	**2020**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Land and buildings				
Not later than one year	1,034	966	748	596
Later than one year and not later than five years	1,150	1,110	990	983
Later than five years	885	885	1,194	1,194
	3,069	**2,961**	**2,932**	**2,773**
Not later than one year	1,547	1,545	1,450	1,445
Later than one year and not later than five years	477	477	748	746
	2,024	**2,022**	**2,198**	**2,191**

NOTES TO THE FINANCIAL STATEMENTS – continued

28. DEFINED BENEFIT OBLIGATIONS

The Group and Corporation's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Greater Manchester Pension Fund (GMPF) which is part of the Local Government Pension Fund (LGPS). 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 2019 and of the LGPS was 31 March 2019.

Total pension cost for the year		2021		2020
		£'000		**£'000**
Teachers' Pension Scheme: contributions paid		10,085		10,232
Local Government Pension Scheme:				
Contributions paid	5,172		5,060	
FRS 102 (28) charge	**5,750**		**4,650**	
Charge to the Statement of Comprehensive Income		10,922		9,710
Other schemes		314		366
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total pension cost for the year within staff costs		**21,321**		**20,308**

Contributions amounting to £1,720,450 (2020 £1,863,465) were payable to the schemes at 31st July and are included within other creditors.

Teachers' Pension Scheme

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

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

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

Accordingly, the Corporation 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 Corporation has set out above the information available on the plan and the implications for the Corporation in terms of the anticipated contribution rates.

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

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

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 agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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

The pension costs paid to TPS in the year amounted to £10,085,000 (2020: £10,113,000).

Greater Manchester Pension Fund

The GMPF is a funded defined benefit scheme, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contribution made for the year ended 31 July 2021 was £7,031,000 of which employers' contributions totalled £5,152,000 (2020: £5,093,000) and employees' contributions totalled £1,879,000 (2020: £1,866,000). The agreed contribution rates are 18.1% for employers. Employees range from 5.5% to 12.5% 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 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Future pensions increases	2.55%	1.70%
Rate of increase in salaries	1.50%	1.50%
Discount rate for scheme liabilities	1.75%	1.60%

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 2021	At 31 July 2020
	Years	**Years**
Retiring today		
Males	20.5	20.5
Females	23.1	23.1
Retiring in 20 years		
Males	22.0	22.0
Females	25.0	25.0

The expectations of life in the table above are representative of the average mortality assumptions across the whole LGPS fund membership, and therefore there may be some differences in the relative movements year-on-year from the actual assumptions applied for the Group scheme membership.

NOTES TO THE FINANCIAL STATEMENTS – continued

The major categories of plan assets as a percentage of the total plan assets are as follows:

	At 31 July 2021	At 31 July 2020
Equities	70%	67%
Bonds	15%	18%
Property	7%	7%
Cash	8%	8%
	100%	**100%**

The assets in the scheme of which the Group's share is estimated to be £254,007,000 at 31 July 2021 and £208,934,000 at 31 July 2020.

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

	2021	2020
	£'000	**£'000**
Fair value of plan assets	254,007	208,934
Present value of plan liabilities	(321,047)	(270,032)
Net pensions liability	**(67,040)**	**(61,098)**

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

	2021	2020
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	10,742	9,682
Past service cost	160	61
Total	**10,902**	**9,743**
Amounts included in interest income		
Net interest charge	997	600
Total	**997**	**600**

Amounts recognised in Other Comprehensive Income (OCI)

	2020	2019
	£'000	**£'000**
Return on pension plan assets	39,312	(6,186)
Changes in assumptions underlying the present value of plan liabilities	(38,507)	(18,784)
Amount recognised in Other Comprehensive Income	**805**	**(24,970)**

Movement in net defined benefit liability during the year

	2021	2020
	£'000	**£'000**
Deficit in scheme at 1 August	(61,098)	(30,878)
Movement in year:		
Current service cost	(10,742)	(9,682)
Employer contributions	5,152	5,093
Past service cost	(160)	(61)
Net interest	(997)	(600)
Actuarial gain or (loss)	805	(24,970)
Net defined benefit liability at 31 July	**(67,040)**	**(61,098)**

Changes in the present value of defined benefit obligations

Asset and Liability Reconciliation

	2021	2020
	£'000	**£'000**
Defined benefit obligations at start of the year	270,032	239,256
Current Service cost	10,742	9,682
Interest cost	4,262	5,328
Contributions by Scheme participants	1,879	1,866
Changes in demographic and financial assumptions	38,507	18,784
Estimated benefits paid	(4,535)	(4,945)
Past Service cost	160	61
Defined benefit obligations at end of the year	**321,047**	**270,032**

Changes in fair value of plan assets

	2020	2019
	£'000	**£'000**
Fair value of plan assets at start of the year	208,934	208,378
Interest on plan assets	3,265	4,728
Return on plan assets	39,312	(6,186)
Employer contributions	5,152	5,093
Contributions by Scheme participants	1,879	1,866
Benefits paid	(4,535)	(4,945)
Fair value of plan assets at end of the year	**254,007**	**208,934**

The actuary assessed the impact of the McCloud Sergeant ruling on the scheme in 2018/19 and determined that the trigger event did not occur for the scheme, and no impact was accounted for as a result. The actuary also assessed the impact of GMP equalisation on the scheme in 2018/19 and noted that there would be minimal impact on the scheme's participants, so there was no impact on the liability.

NOTES TO THE FINANCIAL STATEMENTS – continued

29. RELATED PARTY TRANSACTIONS

Due to the nature of the Group's operations and the composition of the Governing Body 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 Governing Body may have an interest. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arm's length and in accordance with the Group's Financial Regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £78; 1 Governor (2020: £900; 4 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and charity events in their official capacity.

The total expenses paid to or on behalf of the Co-optees during the year was £nil; No Co-optees (2020: £74; 1 Co-optee). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Committee Meetings and charity events in their official capacity.

In accordance with the permission granted by the Charity Commission, remuneration of trustees was commenced in April 2018. The total remuneration paid to Governors during the year was £34,398; 7 Governors (2020: £38,012; 8 Governors). The total remuneration paid to Co-optees during the year was £13,000; 6 Co-optees (2020: £16,000; 5 Co-optees).

Manchester Education and Training Limited ("MET")

MET is an undertaking by which its participants (the Group and Manchester City Council 'MCC') expect to receive some common purpose or benefit. It is controlled jointly by both the above parties.

The Group was charged services of £11,130 (2020: £11,130), in respect of rent, depreciation of £10,500 (2020: £10,500) and a commercial mark-up £630 (2020: £630).

At the year end, the Group had £12,930 (2019: £12,930) outstanding from MET and MET was owed £300,822 (2020: £289,692) by the Group.

Novus Cambria

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £1,213,008 (2020: £2,748,140).

During the year the company paid a distribution of earnings of £491,023 (2020: £292,498) to LTE Group. During the year the company incurred expenses and made payments on behalf of LTE Group totalling £49,108 (2020: £Nil).

At 31 July 2021 £90,769 (2020: £649,481) was owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 18).

The Group has taken advantage of the exemptions included in FRS 102 section 33 in not disclosing the transactions with other group companies as they are wholly owned and included within these consolidated financial statements.

30. AMOUNTS DISBURSED AS AGENT

Learner support funds	2021 Group £'000	2021 Corp £'000	2020 Group £'000	2020 Corp £'000
Funding body grants – bursary support	2,646	2,576	2,356	2,356
Funding body grants – discretionary learner support	2,628	2,628	2,847	2,847
Other Funding body grants - free school meals	440	424	366	366
Interest earned		-	-	-
	5,714	**5,628**	**5,569**	**5,569**
Disbursed to students	(4,601)	(4,599)	(5,331)	(5,331)
Administration costs	(167)	(133)	(207)	(207)
Balance unspent as at 31 July, included in creditors	**946**	**896**	**31**	**31**

Funding body grants are available solely for students. In the majority of instances, the Group only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

31. EVENTS AFTER END OF REPORTING PERIOD

Estates programme: Work is progressing well on both of the two main sites, in line with budget and timetable, with some facilities opening at Openshaw in Sept/Oct 2021 and the city centre practical completion still expected two months ahead of schedule. The Northenden campus disposal is expected to complete in December 2021.

In September 2021, the Group began to drawdown the Development RCF facility with Santander.

The MET joint venture between the Group and MCC is being dissolved in financial year 2021/22.

The integration of the MOL business unit into Total People is taking place in November 2021.

LTE Group is committed to equality of opportunity, non-discriminatory practices and supporting individual learners.

This information is also available in a range of formats, such as large print, on request.

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