LTE group
Learning | Training | Employment

FINANCIAL STATEMENTS

31 JULY 2022

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 2021/22:


John Thornhill
CEO/Accounting Officer


Alison Close
Chief Finance Officer (from 1 January 2022)


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


Rob Cressey
Chief Finance Officer (until 31 December 2021)


Jennifer Foote MBE
Company Secretary & General Counsel (until 11 July 2022)


Angela Hunter
MD Group Operations


Lorna Lloyd-Williams
Company Secretary and General Counsel (from 11 July 2022)


Melanie Nicholson
Managing Director Total People Limited / Exec Lead MOL


Lisa O'Loughlin
Principal, The Manchester College and UCEN Manchester

Board of Governors

A full list of Governors is given on page 47 of these financial statements.

During 2021/22, 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 pages 48 and 49 of these financial statements.

Mrs Jennifer Foote MBE acted as Clerk to the Board of Governors until 11 July 2022, upon which date Mrs Lorna Lloyd-Williams was appointed.

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

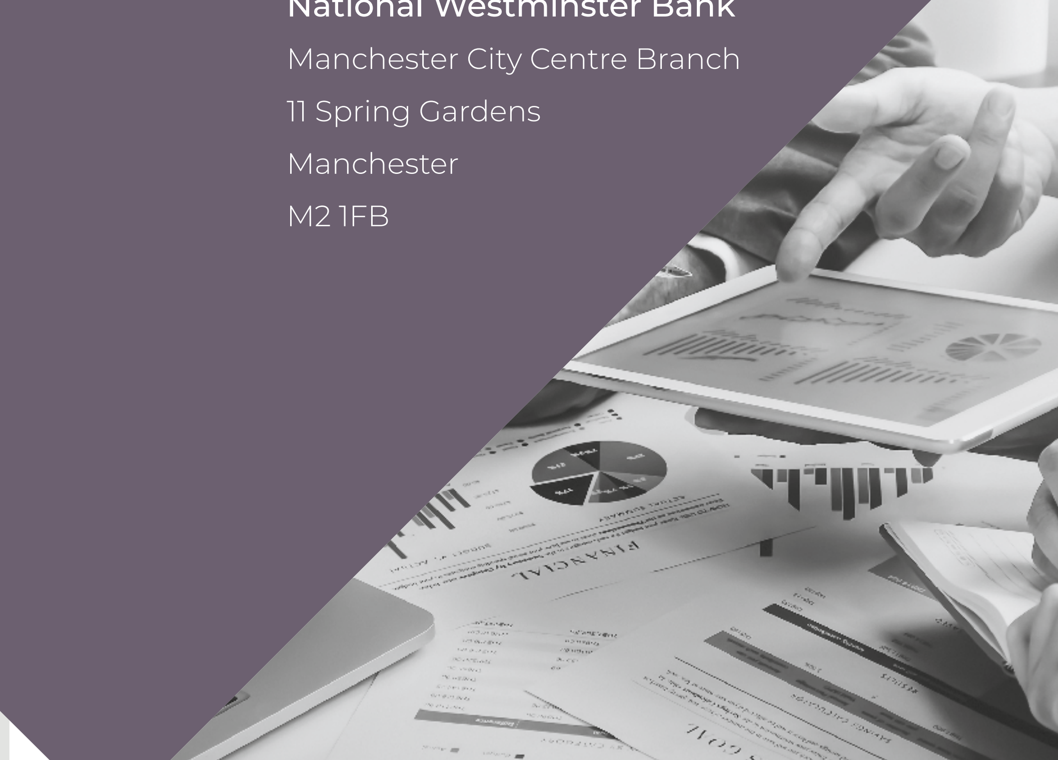
DAC Beachcroft
3 Hardman Street
Manchester
M3 3HF

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

Bankers:

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

National Westminster Bank
Manchester City Centre Branch
11 Spring Gardens
Manchester
M2 1FB



CONTENTS

STRATEGIC REPORT

NATURE, OBJECTIVES AND STRATEGIES:

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

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.

On 1 November 2021 the MOL operating division was integrated into Total People.

Novus Gower, a joint venture with Gower College (LTE Group controls 60% of the voting rights and Gower College 40% of the voting rights), was established on 6 July 2022. Following the successful bid for HMPYOI Parc, this contract is due to commence on 15 December 2022.

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 10th 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		2020/21	2021/22	2021/22 budget
Adjusted current ratio*		1.13	1.19	1.23
EBITDA as % to income – education specific		7.96%	8.29%	7.95%
Borrowing as % to income		30.71%	32.73%	39.50%
	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	2021/22	
	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	£27,419,405	£27,409,730
Adult Education Budget (Incl. ALS, DLSF) – note 2	£18,657,168	£18,980,378
Total People - Non-Levy Apprenticeships - note 3	£6,191,080	£1,040,827
Total People - Apprenticeships Carry-In	£79,775	£397,200
Total People - 16-19 Education	£607,259	£852,043

1. The full contract for ESFA 16-19 grants is £35.6m. This comprises the programme funding as above and includes high needs, additional targeted grants (Teachers' Pension Scheme, 16-19 Tuition Fund and Capacity Development Fund) and learner support funding.

   16-18 Classroom Learning – There was a 100.5% achievement of the ESFA learner number target and a 100% achievement of the programme-funding target.

2. The full contract for Adult recurrent grants is £18.7m; the contract performance includes 'Adult Discretionary Learner Support Funding, Additional Learning Support and National Skills Fund'. 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 98.3% achievement of the Adult Education Budget (including Discretionary Learner Support) allocation. However, the GMCA contract achieved 99.7% and the majority of the shortfall is in the non-devolved AEB from the ESFA

3. The Non-Levy Apprenticeships contract allocation of £1,041k is for non-levy apprenticeship starts and non-levy apprenticeship carry in only, whilst the actual performance of £6,191k also includes levy apprenticeships. Levy apprenticeships are contracted with individual employers and not through a direct ESFA contract allocation.

4. In addition to the contracts listed in the table above, LTE Group also operated several contracts in relation to the education of offenders in prisons, the largest of which is the Prison Education Framework (PEF) that has a contract year of April to March. For the period 1st April 2021 to 31st March 2022, delivery was subject to restrictions, so suppliers adapted delivery to reflect a change in conditions throughout contract year 3 and payments were made under emergency COVID-19 regulations on a cost recovery basis subject to MoJ validation and reconciliation.

Success Rates Table

DIVISION / SUBSIDIARY	AGE	LEVEL	EDUCATION AND TRAINING - OVERALL ACHIEVEMENT (SUCCESS) RATE		
			2019/20	2020/21	2021/22
The Manchester College – note 1	16-18	All Levels	90.9%	91.8%	90.5%
The Manchester College – note 1	19+	All Levels	94.7%	91.9%	92.2%
The Manchester College – note 1	All Ages	All Levels	93.0%	91.9%	91.3%
UCEN – note 2	All	All	84.6%	85.5%	89.6%
Novus (Youth) – note 3	14-18	Prison Education	93.0%	86.0%	88.0%
Novus (PEF) – note 3	18+	Prison Education	89.0%	84.7%	96.0%
MOL - CIPD	All	All	94.5%	91.0%	91.0%
MOL - CMI	All	All	100%	100%	100%
Total People – note 4	-	Apprenticeships	-	-	-

1. The NARTs (National Achievement Rate Table Data) are summary indicators of performance in apprenticeships and education and training. Individual providers use the data to benchmark their own targets and actual performance. The NARTs achievement rates have not been published now for two years due to Covid. It is expected that the NARTs for 2021/22 will be available for the sector in the new year 2023.

   There are currently a small number of outstanding results due to summer retakes of external examinations. 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%, which is broadly in line with the pre-pandemic rates of 2018/19.
2. HE performance indicator final rate is complete and is an improvement for the third successive year at 89.6%, compared with 85.5% in 2020/21 and 84.6% in 2019/20. Following a dip in 2020/21 due to the COVID-19 pandemic, the 2021/22 UCEN NSS score (National Student Survey - student satisisfaction) has risen very significantly to 78%. This is an increase of over 11 percentage points on the previous year and nearly 5 percentage points above the provider benchmark.
3. 2019/20 data included closure of the Offender Learning and Skills Service (OLASS) contracts and re-tendered services via the Prison Education Framework, consequently a direct year on year comparison does not exist.

   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.

   In 2021/22, access and delivery to learners remained reduced compared to a business-as-usual state but increased compared to 2020/21 and the increased success rates reflect the increase in provision and improvement in quality as restrictions were relaxed.
4. Due to the impacts of COVID-19 on Apprenticeship provision in 2019/20, 2020/21 and 2021/22, the ESFA will not be publishing Overall Achievement Rates at Provider level for these years.

The above table includes all classroom-based provision.

Impact of COVID-19 in 2021/22 Financial Year

During the 21/22 financial year we have continued to successfully steer our people and organisation through the pandemic and new variants of the disease.

Our management of risk and planning for contingencies has remained first class and our delivery and offer has remained very strong. Our financial performance was delivered ahead of plan and one the largest investment projects in the UK FE sector remains on track and nearing completion.

It is clear, however that there continues to be a legacy from COVID-19 in all areas of the Group that will take some time to unwind. This includes a backlog of apprentices, who have yet to complete their qualifications, an extended period for Novus working with MoJ on interim arrangements, and the continued need to support our people through a transition back to the workplace either physical, virtual or hybrid.

Overall, the organisation has remained resilient. Throughout the pandemic, contingencies, business continuity systems and processes with organisational flexibility have worked well.

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 47.

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	ONE TEAM	'CAN DO'	ALWAYS IMPROVING	SUSTAINABLE
honest, open and trustworthy	we collaborate, respect each other and contribute to team goals	positive, inclusive, flexible and proactive	forward thinking, innovating and taking ownership	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 took a "Transition year" approach to 2021/22, for operating in an extended COVID-19 environment.

The "Transition year" plan provided for a greater level of central contingency than in a normal year and enabled 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.

As we exit the current 2021/22 financial year, like many organisations we need to deal with the legacy of Covid. We are well positioned to do that, having performed consistently against our Resilience and Transition plans whilst making great progress with our estate's strategy, with the opening of our new city centre campus, in September 2022. We have also successfully integrated Total People and MOL to build a single, stronger independent training provider (ITP) offer. However, the short-term outlook for all organisations including LTE Group is challenging given the macroeconomic context and the geo-political environment.

The Group Board have revisited the strategic plan from Autumn 2021, with the Group building a new plan from 2022 to 2027. The formulation of the 2022-2027 Strategic Plan is an iterative process and a further Strategy Session took place in September 2022 with our Board. The final iteration of the plan will be presented to the Group Board for scrutiny and approval in 2023.

It is essential that the 5-year Plan is not 'locked' until this date to permit time to understand how important factors, with likely influence on underpinning planning assumptions, will be impacted by the election of a new prime minister, the formation of a new cabinet with a potential shift in priority spending areas and / or new ministers in each of LTE's core markets who may introduce different agendas or priorities for reform. In addition, the macro-economic environment remains a cause for concern, with an escalating economic crisis.

To date a significant evidence base has been collated to inform the underpinning planning assumptions (both financial and non-financial) and external consultancy support has provided an independent lens through additional deep dives on Ed Tech, Accountability Reform, the HE sector and Group Structures. Strategically we can see opportunities and impact for all our business units with demand accelerating for skills and talent and growing employer, learner, economic and societal need. Our own demand for apprenticeships is growing (43% increase YoY), UCEN applications are up 18%, TMC enrolments are rising, and our Bid Pipeline is growing again with high quality contracts renewed and new contracts secured.

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 including the 'People Strategy' and more digitisation and automation to reduce central overhead and improve organisational effectiveness.

Our new strategic plan is being delivered around 8 core themes, markets, customers, economic impact, environmental impact, quality & product, talent, target operating model, finance, and investment. The plan under development is seeking to deliver the following outcomes: -

- Strengthened market share and reputation for each part of the Group,

- Diversification of income and contract / customer base,
- Logical extensions to the reach of our propositions at product, sector, and cohort level,
- A position of national and regional influence in a reformed sector,
- Capacity and capability for ongoing investment and growth,
- Consistently good quality and upper quartile learner satisfaction,
- More digitisation and automation to reduce central overhead and improve organisational effectiveness, and
- A reputation as employer of choice, in each of the markets we serve.

LTE Group is a unique organisation in the UK skills sector with established strong foundations and market leading units in each of the key segments we operate in.

The Group has developed strong quality, good workforce engagement levels, and delivered ten years of on target financial performance with a Good Financial Health Grading. These factors now allow the Group to go forward with an offer that meets the strategic needs of communities, the economy, and key stakeholders. Our existing work in collaborations, joint ventures and partnerships with other FE providers will also support further strategic responses to the reform agenda.

Overall, our strategic aim is to harness the power of the group to be a national leader in Education and Skills 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.

The Group's strategic objectives to 2027 are to:

Key Strategy Priorities

- Deliver strategic impact and outcomes for Government, communities, and employers,
- Deliver good / outstanding student outcomes, teaching and learning, student experience and destinations,
- Maintaining and growing our offer and the quality of it including logical extensions to the reach of our propositions at product, sector, and cohort level,
- Meeting income and growth targets and allied opportunities, strengthening and growing our market share, diversifying our income and contract / customer base, and becoming a partner of choice,
- Completing our investment strategy (estates, IT, capital etc.).

This is underpinned by enabling strategies including:-

- Strategic curriculum review,
- Completion of the estate's strategy and delivery of the associated benefits,
- Investing in our people, through pay and flexible rewards,
- More digitisation and automation to reduce central overhead and improve organisational effectiveness.

Specific Objectives

- To successfully deliver our national prison education contracts, to remain the MoJ partner of choice for this activity in the UK.
- To grow and develop our partnerships, joint ventures and collaborations in the Justice Sector to support rehabilitation and reduced reoffending.
- To become a Market Leader in Blended Learning Delivery Models across the Justice Sector.
- To deliver an Industry Excellence Curriculum Strategy – Deliver the 16-19 and Adult Industry Excellence Academy (IEA) strategies, developing clear pathways to occupations aligned to policy, regional and national skills priorities and learner need.
- To ensure that The Manchester College (TMC) provision is delivered in the highest quality facilities for Technical and Professional Education.
- To position UCEN Manchester as the regional lead for Level 4 & 5 Technical Education Strategy within GM.
- To embed new products in Total People/MOL aligned to employer demand and local/regional/national skills plans, starting new programmes, with a focus on level 3 and higher, national levy and a defined SME sector offer.
- To further extend our offer in MOL to new industry sectors and to grow our proportion of digital only delivery.
- To deliver outstanding student outcomes, teaching and learning, student experience and destinations.
- To deliver an industry excellence people strategy including a competitive and attractive total reward package, whilst embedding a culture of engagement and support for well-being.
- To maintain good to outstanding quality in all units across the Group with strong and sustainable financial performance.
- To adequately balance risk and opportunities though periods of political and structural change driven by external factors e.g. evolving pension landscape.

The Group remains on track for delivering these objectives despite the current macro-economic headwinds.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

Whilst the 2021/22 financial year has continued to bring several significant challenges for the education and skills sector, the Group reports a surplus in the year (excluding the minority interest share in Novus Cambria) of £5.0m, which is an increase on the prior year results (2021: (£1.69m deficit), and is £3.11m (165%) better than the budgeted surplus of £1.89m.

LTE Group financial health grading with the ESFA is Good and has been for the past 10 years. Group banking facilities in support of this grading show a positive cash balance of £19.6m (2021: £20.4m) at year end and total debt (including finance leases) owing of £51.1m (2021: £49.4m). 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 2021/22, the Group, via its brand Novus, remains the largest provider of offender learning and skills in England and Wales. Novus delivers 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 in partnerships with national and devolved governments, HMPPS, HMPPS Wales, New Futures Network, Probation services and wider stakeholders with a focus on meeting the needs of offenders and facilitating progression in custody and on release.

Novus has almost 30 years of experience in the provision of offender rehabilitative provision and during that time 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.

In 2021/22 the ongoing impact of the COVID-19 pandemic resulted in a challenging operating environment for Novus with interruptions to service due to operational restrictions such as reduced access to learners and implementing and further developing new and safe ways of working in response to changes in Government guidance and local operating requirements. This has impacted on service delivery and volumes during the year and has meant that the interim funding arrangements agreed with commissioners, including the Ministry of Justice and HMPPS have continued and /or been adapted in 2021/22, with the aim of supporting a managed transition back to normal delivery and with some performance measures suspended either partially or fully and increased emphasis on quality of service and responsiveness.

We have continued to work collaboratively in 2021/22 with MoJ and Her Majesty's Prison and Probation Service (HMPPS) to flex and adapt interim

operating models ensuring a safe delivery environment. For adult provision we have continued with a blended learning approach alongside face-to-face delivery where possible, with young people receiving an adapted face to face delivery model which was developed to achieve continuity 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 across the entirety of learning and skills provision. In this regard, Novus self-assesses its quality through a variety of internal metrics; the most significant being the Self-Assessment Report (SAR) grade. Novus currently has 63% of its prisons rated Good on the SAR or interim SAR report.

Our Novus Works team have continued to support learners into employment using our adapted delivery model to provide support in custody and the community alongside the facilitation of virtual employer events. During 2021/22 Novus Works supported 753 learners into employment or voluntary work or further training with a further 653 learners receiving interview and work trial experience.

The relationships and partnerships Novus has developed have been key in this achievement, with learners obtaining employment across a large number of local and national employers.

Our ongoing relationships with Greene King and The Right Course have further developed during 2021/22.

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

During 2021/22 we have continued to work on the development of the 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 enhances our offer to learners, providing them with the skills and learning to build a positive future for themselves, their families and communities. With 13 learners placed into employment with Greene King during the year.

In 2021/22 Novus and Greene King have also worked with the charity 'Only A Pavement Away', working with learners in the latter stages of their sentence, linked to the delivery of hospitality qualifications to prepare them for employment in the hospitality industry upon release, with employment events held at HMP Brixton and HMP Birmingham to raise the profile and showcase opportunities.

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).

The success of the Escape Café and Restaurant has led to further collaborative opportunities with Novus Cambria, HMP Berwyn and The Right Course working together to open a new training restaurant at HMP Berwyn due to open in Spring 2023.

Alongside relationships with employers Novus has worked closely to provide creative enrichment for learners, including the "We Bear" exhibition. Originally this was a collaborative art project to support the health and wellbeing of learners during the pandemic with learner artwork featured in an online exhibition for the Coventry Biennial as part of the UK City of Culture 2021. Learners at 14 establishments created artwork and accompanying statements which were exhibited alongside work from learners in custody across the UK and USA. The exhibition ran from October 2021 to February 2022 and was followed by a second exhibition in July 2022 in America at the Ann Arbor Art Fair in Michigan with a virtual event that was attended by Novus colleagues and stakeholders.

As covid restrictions were lifted and normal working began to resume opportunities for bids and tendering commenced with Novus bidding successfully in the re-procurement of education provision in the Young People's estate (YES) with the maximum possible win rate achieved, the set up of a new joint venture, with Gower College Swansea, Novus Gower, which successfully bid for the HMPYOI Parc Learning & Skills contract in South Wales where delivery will commence in December 2022 and a further successful bid with a new partner as part of the Prison Estate Transformation Programme (PETP) Novus will be delivering the education provision in the new build prison HMP Lowdham Grange from February 2023.

Alongside these contract wins Novus has successfully negotiated a contract extension to the PEF contract which was due to end in March 2023 and is now extended to March 2024 with the framework agreed for further extension to March 2025.

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".

The Manchester College®
be amazing

In 2021/22 the College has delivered activity that has generated £44.4m (ESFA and GMCA Funding Contracts) in funding body main allocation funding (2020/21: £43.6m). The College delivered approximately 43,001 (2020/21: 41,439) funded qualifications and approximately 3,759 (2020/21: 4,245) 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 of 92% (final results delayed due to external summer exam results).

Following the academic year of 2021/22, the first set of national performance data (NARTS) since 2018/19, is due to be released, although this will not be expected until the New Year. However, despite considerable gaps in learning as a result of Covid-19 plus qualification reform, our progress data demonstrates that our students made outstanding progress relative to starting points and achieved the highest grades they have ever achieved across all levels. 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 yet for 2021/22).

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 2021/22 curriculum teams have introduced new courses to accommodate employer demand and funding changes due to the removal of qualifications. The first year of delivery of T Levels and Transition courses has been successful, with good results for year one achieved. The college continues to be at the forefront of these qualifications and is recognised for its ambition and good practice across the country. The Industry Excellence Academy (IEA) has continued to grow with 25% of students studying courses within the IEA at levels 2 and 3. Students return to learning after the pandemic has been challenging and the Covid Booster funds have been used to support English and maths.

Employer engagement is continuing to grow and has picked up pace after the pandemic with many coming to site to deliver alongside teachers. Industry Boards in every department are well established and informing the sequencing and content of the curriculum. The many successes of our work with employers continues to be shared with other providers and formed part of the recognition of being awarded the Queens Anniversary Prize.

A decision to restructure the English and maths management was made at the end of the 2021/22 academic year. A new Assistant Principal and a dedicated Head of English, Head of maths and Head of Quality have been appointed to ensure the improvements needed are achieved.

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 2024 in all T Level and Transition courses accredited.

We are exceptionally proud of the work of all our managers, seeing Vice Principal Marie Stock being awarded the MBE for her services to education was a special moment and very well deserved.

Other successes include:

- The College was awarded the prestigious Queens Anniversary Award for its 'Careers not Courses' ambition and delivery of the strategy.
- The Educate North Award for Business/Industry Collaboration HE/FE sector for its work with employers on its Construction Scholarship programme.
- Highly commended for its use in technology was awarded in the Digital City 2022 Awards to the Creative Digital team.
- Two students who completed their work placement at Wilmot Dixon developing the new City Centre Campus have secured employment with Wilmot Dixon, one as a Quantity Surveyor and one within the Planning department.
- Students working on live briefs has become well established across all departments, the success has now secured a purpose-built facility in the new City Centre campus.
- Students from the Creative Media course have been selected by the University of the Arts London to exhibit work at Origins Creatives.
- Students from T Levels across the country put themselves forward to a 'Dragon Dens' style interview to promote the National T Level Campaign '#Get the Jump'. A student for the creative Digital department was successful, spending three days in London being filmed.
- Work created by the Media Production students as part of the partnership with the Ideas Foundation was chosen by the Platinum Jubilee Pageant to feature in the celebrations.
- The creative Arts department partnered with the Art Fund and some of Manchester's major galleries to deliver Art Assembly 2022.

UCEN MANCHESTER
FIND YOUR FUTURE

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 continued to add new programmes and recently revised and refreshed its over-arching Strategy, including a comprehensive portfolio review to inform our Curriculum Strategy 2022-25. This includes 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. This provision is focused on preparing students for careers rather than just courses and ensuring future employability. Alongside this UCEN Manchester will continue to expand its Creative Arts and Media offer in our brand-new state-of-the-art City Campus Manchester.

UCEN Manchester has achieved Teaching Excellence Framework (TEF) Silver status under the old framework and during 2022/23 will be submitting an application under the new TEF, with an ultimate target of achieving Gold. Our National Student Survey (NSS) results are comparable to or better than many universities, and student satisfaction with the institution has quickly recovered following the COVID-19 pandemic. The 2021/22 UCEN Manchester National Student Survey (NSS) saw increases in almost every category, with an overall satisfaction score of 78%, an improvement of 11% points on the previous year.

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 this continued during 2021/22 with the creation of a new curriculum structure for UCEN Manchester. This is underpinned by an expanding culture of research and scholarly activity within the organisation, with the embedding of Communities of Practice and an annual Higher Education Symposium creating a genuine collegiate approach amongst academic staff. A number of the academic schools within UCEN Manchester have developed national reputations, notably The Manchester Film School and The Arden School of Theatre.

Shortly after the launch of UCEN Manchester the decision was made to draw together the many and varied strands of student support – welfare, housing, financial support, careers guidance, etc. – under one over-arching service, Future U. This provides a comprehensive support to our students, both face-to-face in our new Future U Hub in the City Campus Manchester and on-line to allow all students to engage.

The changes to structure, refreshed Strategy, enhanced support for students and focus on quality have all contributed to notable improvements in outcomes for UCEN Manchester's students. 2021/22 saw improvements in retention, pass and achievement rates (the latter by 4.1% points to 89.6%), high grade degree classifications, and continuation rates – a key higher education metric – by 4% to 88%, significantly above the national average for college-based HE providers.

In 2021/22 UCEN Manchester delivered 1,212 qualifications (2020/21: 1,314 qualifications).

HE fees and advanced learner loans are areas of anticipated growth as part of the estates strategy and new city centre site, and UCEN Manchester is well placed to deliver the new Lifelong Learning Entitlement once introduced.

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 investment or cost saving, and highlighting where efficiencies need to be made.

- UCEN Manchester was shortlisted for 2 awards at the WhatUni? Student Choice Awards 2022, for "Outreach and Widening Participation" and in the "Small and Specialist" provider category, in recognition of the fantastic experience provided to students. This is particularly significant, as this year, the leading higher education awards were based solely on students' views.
- "Dog Factory", a short film made by a student from UCEN Manchester's Film School, won both the Student College Award at this year's Learning on Screen Awards and the Drama category at the 2022 Royal Television Society North West Student Television Awards, which celebrate the excellence of students as they take a foothold in the industry.

TOTAL PEOPLE
LEADERS IN LEARNING ®
MOL LEARN DEVELOP EXCEL ®

Total People has undergone another challenging year with the legacy impact from the global pandemic still affecting some sectors, with a significant proportion of apprenticeship learners on catch up plans as a direct result of the impact and delays caused through the pandemic. Custodial and care settings continued to be particularly impacted throughout 2021/22 with continued local lockdowns and staffing issues, all of which impacted on the learners' ability to progress through to achievement in a timely manner.

In the first half-year, the business saw significant increases in both apprenticeship and commercial starts compared to the same period in 2020/21. In the second half of the year, the company experienced the impacts of the macro-economic environment and the effect that this had on employer's buying and recruitment decisions. This had a direct impact on starts, learners leaving employers and leaving programmes along with employer staffing issues that affected access to learners in the workplace. This led to lower starts than planned along with the associated on-programme payments (OPPs) and lower achievement payments in year, especially in the final quarter of the year as learners reached Gateway later than planned, which resulted in End Point Assessments (EPAs) and achievement falling outside of the contract year. In addition, two corporate clients deferred large cohorts of starts in the last quarter of 2021/22 due to economic pressure.

In the latter part of the year, Total People also experienced challenges as a direct result of the cost-of-living crisis and inflation. The company experienced both staff retention and recruitment issues, including specialist staff shortages due to the emerging cost of living crisis, pay pressure and a buoyant labour market. Specialist Tutor labour shortages impacted in a number of key sectors such as Electrical, Dental, Childcare, Refrigeration and Airconditioning, Custodial and English and Maths functional skills and the inability to recruit staff for planned cohorts and learners ready to start programmes.

Despite these difficulties, good progress was made in the year in reducing Apprenticeship "out of funded" volumes from 2020/21 by more than 50%. These out of funding learners were as a direct result of the extended covid impacts. Out of funded learners took up caseload capacity with tutors, which exacerbated the ability to onboard new starts in a timely manner. However, there was an increase in learner volumes in some specific key sectors, for example in custody and detention, childcare, HR and construction. The company is now the largest Independent Learning Provider of Custodial Officer apprenticeships nationally. The company exited apprenticeship markets that were unviable, to concentrate on growth areas aligned to local, national and employer priorities.

The integration of MOL and Total People successfully took place on 1st November 2021, complimenting Total People's offering, especially with MOL being one of only four preferred suppliers of CIPD and also being a preferred provider for Propertymark. This enabled the company to maximise its expertise across the business, to cross-sell products and to offer an expanded portfolio of services and qualifications to our clients.

Despite the challenges faced into 2021/22, the underlying performance of the combined Total People business, including MOL, is growing. Compared to 2020/21, in 2021/22 there was a 30% increase in starts and occupancy, a 33% growth in apprenticeships starts and Functional Skills commercial contracts grew by 80%. In addition, CIPD starts grew by 14%, and this growth was supported by MOL securing a partnership agreement early in 2021/22 with CIPD, to become one of only four preferred providers of commercial CIPD products. There was considerable progress during the year in terms of income mix between funded income and commercial contracts, as the company transitions away from being fully reliant on ESFA-funding and third-party subcontracting.

Total People continues to offer a blended learning offer across most of its provision. Changes to the funding rules continued in 2021/22, relaxations that were implemented during the pandemic were in the main reversed. There was a government commitment of extra employer incentives for those who employ an apprentice before 30th September and sign up to apprenticeship programme before March 2022, which encouraged employers to recruit apprentices. However, this additional support for employers ceased in March 2022.

The company will continue to face some challenges during 2022/23, with no planned blanket funding uplifts on Apprenticeship and AEB, along with the rises in the cost of living and inflationary challenges. To minimise the impact on the business the company plans to reduce the volume of apprenticeships offered, concentrating on apprenticeships and qualifications that are aligned to the business strategy and to the local and national skills priorities.

Throughout 2022/23 there will be continued investment in the Total People and MOL workforce to tackle and settle the attrition issues seen in 2021/22. This will include continued investment in the real living wage and a planned minimum salary for Learning Coaches, along with learning coaches' salaries being better aligned to their sector specialism and competitors in the Independent Learning Provider sector.

The levy and commercial markets remain 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 along with commercial contracts. Throughout 2022/23, the company will continue to develop its national footprint. This will be through levy and commercial clients in targeted markets, whilst also maintaining our Manchester, Cheshire, and Northwest focus, particularly for our classroom and workshop provision.

There remains continued demand for the company's services in the training, apprenticeships and commercial market. The company is situated in economic growth areas and has begun to align its portfolio with the local skills agendas. The company has maintained its strong links with local employers whilst building links with new local employers and large national employers. The company is expanding its commercial offer into the non-devolved nations along with an international delivery offer aligned through our CIPD partnership.

The company will continue to focus on supporting employers through either levy gifting or the digital service which was introduced in April 2020. The company has a clear focus and sales strategy in line with the sectors which will focus on offering a full solution to both medium and large levy paying clients whilst expanding our reach into curriculum priority sectors and local demand.

With the AEB teams now in place, there are plans in place to further reduce the level of subcontracted provision in 2022/23, with subcontractors only being awarded 13% of the contact value, with plans underway further strengthen the company's AEB delivery team to focus on quality. The company's focus will be on SME, employed and unemployed learners across the Greater Manchester regions.

2021/22 saw less reliance on subcontracting of study programme, as the team has grown the company plans to further reduce subcontracting of study programme including High Needs in 2022/23 to under 12%, with only one subcontractor now in place, the majority of Study programme will be direct delivery. This will ensure quality of provision along with maximising on margins. To further support these programmes, we have extended the levels and curriculum being offered and have introduced a relationship manager to work closely with schools and local authorities to ensure referral targets are met.

The company remains positive entering 2022/23 and maintains robust employer relationships. The company is benefitting from a growing pipeline of quality starts on both apprenticeships and commercial contracts, with a stronger opening apprenticeship occupancy in 2022/23 compared to 2021/22. In addition, out of funding leaners are 50% less compared to 2021/22, and there is an improved apprenticeship pipeline visibility of 60% full year starts of 1,673, and an increased pipeline in commercial revenue.

group operations

Group Operations is our professional services function that sits alongside Finance, Procurement, Governance & Legal Services at the heart of the Group.

A team of around 160 people supporting over 3,000 colleagues across multiple locations in England and Wales, Group Operations performs a broad range of corporate functions for LTE Group and its constituent parts – Novus, The Manchester College, UCEN, Total People and MOL. It comprises a number of specialist teams including Information Systems, People & Talent, Health & Safety, Risk Management, Change Management, Marketing, Communications, PR and Public Affairs.

The purpose of Group Operations is to fulfil an efficient model of service delivery that avoids duplication of cost and effort for each of our business units whilst providing consistency of approach to essential organisational enablers and control frameworks, for example HR policy and Health & Safety standards.

The team have supported, advised and enabled the Group through a particularly busy year. Some examples include:

- The continued rollout of a substantial Asset Refresh programme to ensure learners have access to fit for purpose technology resources.
- Deploying the IT infrastructure within our new £139m City Centre Campus whilst winding down those locations that no longer play a role in our Estates Strategy.
- Further securing our environment through the introduction of Multi-Factor authentication, the re-platforming of our telephony system, wi-fi and firewall upgrades, email migration to the cloud, and maintaining our Cyber Essentials Plus and ISO certifications.
- Strong growth in learner enrolment through effective multi-channel engagement activities by our award-winning Marketing team.
- Influencing policy on Prison Apprenticeships with Novus having the first learner to start a programme.
- Informing inputs and co-ordinating the formulation of our next 5 Year Strategic Plan.
- Leading Group negotiations with unions within a complex economic context.

Moving forward in a macro-environment of increasing volatility and cost pressures, Group Operations will need to achieve greater efficiency through a broader self-serve and digital offer for colleagues across the Group.

Estates strategy

Despite the challenges of COVID-19, we are now at an advanced stage in the implementation of our strategy (Phase 1) to consolidate our provision on fewer campuses through the development of a centre of excellence model. The new city centre campus is open and the refurbishment of other existing campuses including Wythenshawe and Openshaw at an advanced stage.

Fixed price contracts put in place in 2020 have served us well, and the construction programmes have remained on track, with overall budget maintained at £139m with a healthy contingency remaining, even at this advanced stage in the programme.

The Estates Strategy will deliver better learning and facilities for our students at a more economic cost for our stakeholders. The rationalisation of the Estate will improve the overall condition of the Estate and reduce property running costs in the coming years. The cost of the project, £139m, has been and will be incurred over 2017/18 to 2023/24. 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 significantly exceeded. This adds further confidence to forward income projections.

Disposals so far have exceeded business case; the project is being managed holistically and the forward views of net disposals in 2022-23 is also positive, with the only remaining significant disposal for Phase 1, that of Fielden completed post year end in September 2022, which has enabled the repayment of the bridging loan from Manchester City Council.

The interest and capital repayments for all funding is covered by maintaining a steady EBITDA growth driven by estate efficiencies, specifically optimised running costs and staffing efficiencies. Due to good management both of the 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. The financial covenants for our lenders are achieved, with headroom, during the term of the financial plan.

Post July 2022, a further FE capital transformation grant has been received from the DfE in respect of a Phase 2 scheme, which will provide for the opportunity to create a Centre of Excellence for Business and Professional Services. The financial plan for this assumes the disposal of two further aged buildings along with further funding from LTE Group.

Student Numbers

Novus

In 2021/22 16,307 PEF Adult learners (18 and above) accessed 28,725 enrolments on accredited / non-accredited provision. In addition, Novus provide English and maths assessments at the start of the prisoners' sentence, fully lifted until May'22 and the return to full face-to-face delivery further hampered by operational prison restrictions.

For the same period 710 Youth Custody Service (YCS) learners (aged 14 to 18) accessed 4,152 learning aims and 2,010 Adult learners at Novus Cambria accessed 4,431 learning aims.

While this is an increase in learner numbers and provision compared to 2020/21 it is does not represent a business-as-usual state. The move to increasing face to face to delivery was at a slower pace than in the wider community with "Gold Command" restrictions not lifted until May 2022.

The Manchester College and UCEN

The College enrolled approximately 14,069 students. The College's student population includes 5,592 16-to-18-year-old students, 1,187 higher education students, 7,290 adult learners (of which, 5,537 funded and 1753 unfunded).

Total People

In 2021/22, Total People worked with approximately 4,526 learners. This included approximately 760 16-to-18-year-old apprentices, 2,625 19-year-old + apprentices, 149 16-to-18-year-old Study Programme learners and 539 adult learners.

In 2021/22, MOL worked with approximately 3,530 learners. This included 112 CMI learners, 66 APM learners, 397 Property Law learners, 1,458 CIPD learners, 32 MSc learners and approximately 1,531 Property Agency learners.

FINANCIAL POSITION

Financial results and objectives

The 2021/22 financial year has continued to bring several significant challenges for the education and skills sector. The decisions and actions we have taken have been guided by our commitment to remain financially 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 support economic recovery, an upturn in key sectors and a growth in learner numbers, whilst seeking to diversify our income, customer, and contract base.

The Group reports a surplus in the year (excluding the minority interest share in Novus Cambria) of £5.0m, which is an increase on the prior year results (2021: (£1.69m deficit), and is £3.11m (165%) better than the budgeted surplus of £1.89m.

This is equivalent to an EBITDA (education specific, as per ESFA guidance) of £13.0m (>8% of adjusted income) compared to a budget of £13.0m (7.9%). Adjusted income is total income less the release of deferred capital grants (as defined by the ESFA).

The year-end cash balance is £19.6m (2021: £20.4m), which significantly exceeds the budgeted year end cash balance of £12.7m by £6.9m (54%). As at the year-end, total borrowing is £51.1m (2020/21: £49.4m) and £13.4m or 21% favourable to budget.

The current ratio of 1.19 and gearing (debt as a percentage of income) at 32.73% 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 maintain a strong cashflow position. Our operating activity cash flow has decreased by £2.8m (15%), from £19.2m last year to £16.4m in the 2021/22 financial statements. This is the result of a £4.2m decrease in the less than one year deferred capital grants creditor (2021: £6.5m increase) which relates to the timing of estates strategy disposals.

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 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 £130.9m (2021: £31.2m) including the pension asset of £17.0m (2021: pension deficit of £67.0m) and cash balances of £19.6m (2021: £20.4m). 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 2021/22, the FE funding bodies provided 22.7% of the Group's total income (2020/21: 22.7%), with AEB income accounting for 10.5% (2020/21: 10.3%).

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 (which provides online professional development) into Total People took place on 1 November 2021.

The Local Government Pension Scheme (LGPS) valuation for 2022 resulted in an actuarial valuation gain of £94.3m (2021: gain of £0.8m) see note 28.

Cash flows and liquidity

The Group generated a positive operating cash inflow of £16.4m in 2021/22, which is £2.8m (15%) decrease year-on-year (2020/21: inflow £19.2m). This is the result of a £4.2m decrease in the less than one year deferred capital grants creditor (2021: £6.5m increase) which relates to the timing of estates strategy disposals.

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 grant funding agreements and contracts with the ESFA and any other relevant funding bodies. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of these funding agreements and contracts.

In the past three years the Group 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 (£19.6m outstanding at year end), and Santander facilities covering a term loan (£21.8m outstanding at year end), a £3m revolving credit facility (£0m drawn at year end), and a development revolving credit facility of £31m (£8m drawn at year end).

Short-term cash requirements are monitored weekly, such that the Group minimises its borrowings and thereby interest charges. Going forward, the Group will be optimising the balance between its borrowings and money on deposit, where certainty on forward cash flows exist, 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 £130.9m (2021: £31.2m) of unrestricted reserves as at 31 July 2022, which the Group feels is adequate to implement any further reshaping required, should there be any further government funding cuts or allocation changes. The increase in reserves in the year of £99.7m is driven by the 2021/22 surplus of £5.0m, and the actuarial gain arising on the Greater Manchester Pension Fund (GMPF) pension scheme of £94.3m. However the pension asset arising (2021: pension liability) is a non-cash item and, as such, is excluded from our funders' net assets banking covenant test.

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: The new city centre campus opened in September 2022. The Fielden campus disposal, was completed in September 2022, followed by the disposal of Farmyard in October 2022.

In October 2022, following the disposal of the Fielden Campus, and as per the terms of the loan agreement, the LTE Group settled in full the remaining balance on its bridging loan facility with Manchester City Council.

In November 2022, LTE Group extended its parent guarantee in respect of Total People to January 2024.

Following the successful bid for HMPYOI Parc, in September 2022 the Group set-up a new limited company in respect of Novus Gower, a joint venture with Gower College (LTE Group controls 60% of the voting rights and Gower College 40% of the voting rights), and a parent company guarantee has been put in place. The contract is still in its mobilisation period with the contract due to commence on 15th December 2022.

Office for National Statistics reclassification of further education

Following a detailed review by the Office for National Statistics, an announcement was made on 29 November 2022 that, with immediate effect, English further education colleges, including the LTE Corporation, would be reclassified into the central government sector. Previously, further education had sat outside of the central government boundary.

The reclassification will result in a number of changes to the way that colleges' financial affairs are managed: specifically, colleges will be subject to the framework set out in HM Treasury's "Managing Public Money" (MPM). Key elements of the changes have been extracted from MPM by the Education and Skills Funding Agency (see https://tinyurl.com/Boundary-change).

The reclassification does not affect the numbers presented in these financial statements nor the going concern basis on which they have been prepared.

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 £130.9m (2021: £31.2m) of net assets. This includes £17.0m pension asset (2021: pension deficit liability £67.0m) and long-term debt (including finance leases) of £47.8m (2021: £45.5m). The increase in net assets in the year of £99.6m is driven by the 2021/22 surplus of £5.0m, and the actuarial gain arising on the Greater Manchester Pension Fund (GMPF) pension scheme of £94.3m, which is a non-cash asset.

People

At year end, the Group has 3,136 people in post, of whom 1,724 are teaching staff.

Tangible Assets

Tangible resources include the eight main college campus sites, including the Wythenshawe and Openshaw campuses. Also included is £81.5m of buildings currently under construction as part of the estates strategy, including the land for the city centre campus (2021: £72.0m). The new city centre campus came into use for students from September 2022. 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. In 2021/22, the Board reiterated its expectation that, despite challenges from Covid and inflation, senior leaders should have some element of pay at risk, based on performance.

In addition, that our current pay policy with constrained resources should be focused on lower paid colleagues and frontline delivery staff. This includes moving the Real Living Wage up again in line with recent changes. Senior base pay increases were restrained at 1% in year.

The Board continued its ongoing policy of regularly benchmarking senior pay and reviewed an independent external report comparing the approach at LTE Group with peers and comparators elsewhere in the sector. Despite LTE Group being large in scale, scope and complexity compared to many organisations, senior pay approaches in peer and comparator organisations appeared in many cases to be noticeably higher than at LTE Group. The Board agreed to monitor this in 2022/23, alongside the changes proposed by the ONS reclassification.

In April 2019, the LTE Group Board adopted the Association of Colleges' (AoC's) Senior Staff Remuneration Code and assesses pay in line with its principles. These principles remain unchanged as follows:

- 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. An annual review of the CEO/ Accounting Officer's performance is undertaken against the Group's overall objectives using both qualitative and quantitative measures of performance.
- 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.

The CEO/Accounting Officer's basic salary as a multiple of the median of all staff remains well within the 1:12 ratio.

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

	2022	2021
CEO/Accounting Officer's basic salary as a multiple of the median of all staff	7.1	7.1
CEO/Accounting Officer's total remuneration as a multiple of the median of all staff	8.0	7.3

The 2021/22 Annual Remuneration Report was presented to the Group Board on 15th December 2022.

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 2021/22.

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.

In July 2022 Novus hosted its first national "Moving on Conference" in central London, with key stakeholders, from HMPPS, MoJ and prisons with a roundtable event hosted by Ofsted and participants including, Fred Sirieix and Simon Sheehan, The Right Course, Jon Collins, Prisoners' Education Trust, Naomi Clayton, Learning & Work Institute and Philip Wheatley, formerly HMPS and NAMS.

Novus has continued to retain and win new contracts, with successful bids in the re-procurement of youth education (YES), successful re-bids under the Prison Education Dynamic Procurement System (PEDPS) which included Yorkshire IAG Services (£1.9m 2 year contract), HMP Onley IAG (£0.1m) and new contracts such as HMPYOI Thorn Cross Café & Shop (£0.05m) and brand new contracts at HMP YOI Parc in South Wales (as part of the new joint venture Novus Gower) and delivery at the new build prison HMP Lowdham Grange.

Novus is a MATRIX accredited provider in every region of its operations.

In July 2022, Novus conducted its twice-yearly QDP survey. For adult provision, Novus demonstrated strong learner satisfaction with results showing that 84.2% of learners are satisfied with the education and training they have received from Novus. This performance is broadly similar to previous years: 2021- 88%, 2020 – 86%, 2019 – 89%. It should be noted that learners in prisons are still affected by Covid restrictions, so, on the whole, have limited access to education.

The College was awarded the prestigious Queens Anniversary Award for its 'Carers not Courses' ambition and delivery of the strategy.

The Educate North Award for Business / Industry Collaboration HE/FE sector for its work with employers on its Construction Scholarship programme.

Highly commended for its use in technology was awarded in the Digital City 2022 Awards to the Creative Digital team

Two students who completed their work placement at Wilmot Dixon developing the new City Centre Campus have secured employment with Wilmot Dixon, one as a Quantity Surveyor and one within the Planning department.

It has become well established across all departments for students to work on live briefs, and this success has now secured a purpose-built facility in the new City Centre campus.

Students from the Creative Media course have been selected by the University of the Arts London to exhibit work at Origins Creatives

Students from T Levels across the country put themselves forward to a 'Dragon Dens' style interview to promote the National T Level Campaign '#Get the Jump'. A student for the creative Digital department was successful, spending three days in London being filmed

Work created by the Media Production students as part of the partnership with the Ideas Foundation was chosen by the Platinum Jubilee Pageant to feature in the celebrations.

The creative Arts department partnered with the Art Fund and some of Manchester's major galleries to deliver Art Assembly 2022

In UCEN the National Student Survey (NSS) results are comparable to or better than many universities, and student satisfaction with the institution has quickly recovered following the COVID-19 pandemic. The 2021/22 UCEN Manchester National Student Survey (NSS) saw increases in almost every category, with an overall satisfaction score of 78%, an improvement of 11% points on the previous year.

UCEN Manchester was shortlisted for 2 awards at the WhatUni? Student Choice Awards 2022, for “Outreach and Widening Participation” and in the “Small and Specialist” provider category, in recognition of the fantastic experience provided to students. This is particularly significant, as this year, the leading higher education awards were based solely on students’ views.

“Dog Factory”, a short film made by a student from UCEN Manchester’s Film School, won both the Student College Award at this year’s Learning on Screen Awards and the Drama category at the 2022 Royal Television Society North West Student Television Awards, which celebrate the excellence of students as they take a foothold in the industry.

Total People secured its place on the RoATP early in FY22 along with securing accreditation for Secured ISO27001 and ISO9001, Matrix Information Advice and Guidance Standard, and was awarded an overall ‘Requires Improvement’ at the Ofsted inspection in May 2022, with AEB, 16-19 Study Programmes and High Needs delivery being awarded a “Good”.

Total Peoples Learner and employer satisfaction remain very high at 93% for apprentices, 89% for classroom learners and 89% for employers. ESFA learner and employer satisfaction is also rated as “Good”.

MOL’s customer satisfaction data is the highest amongst their competitors, with a Feefo score of 4.8 out of five stars and has maintained 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 and is only one of four organisations to be a CIPD Business to Business Partner. MOL won the Global Learning provider of HR Learning & development Courses 2022.

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	**21**
FTE EMPLOYEE NUMBER	**19.1**

PERCENTAGE OF TIME	**NUMBER OF EMPLOYEES**
0%	1
1-50%	16
51-99%	4
100%	0

TOTAL COST OF FACILITY TIME	**£132,373**
TOTAL PAY BILL	**£101,064,159**
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	**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 2021/22, on average LTE Group made payments to 95% suppliers within 16 days, well within the Treasury target of 30 days (2020/21: 18 days). The Group incurred no interest charges in respect of late payment for this period.

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. This includes horizon scanning exercises with the Executive Team to ensure that emerging external threats are also considered. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Group. The internal controls are then considered, evaluated and 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.

Risk Registers are fully embedded in every business unit and at Group level within LTE. The Registers are continuously updated via our new software platform, Protecht, and formally reviewed and approved by the Executive Team on a quarterly basis and then subsequently by the Audit and Risk Committee.

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.

The Group approach to risk management is defined and articulated within the Risk Management Policy Statement and Risk Management Arrangements

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.

Strategic Risks, Operational & Financial Risks:

Risk / uncertainty: Macro-Economic Pressure

Macro-economic pressures, including inflationary pressure resulting in increasing union activity and industrial action to demand better pay rises, higher energy prices, supply chain disruption and higher debt servicing costs. Not all income streams are indexed linked.

Mitigation

- Indexed linked contracts in some cases and funding rate increase for 16-19 year olds.
- Past performance demonstrates the Group's ability to effectively manage financial performance and cashflow.
- Income and cost contingencies are built into the financial plan to mitigate and aid management of any unanticipated in year financial impacts. We have included sensible and prudent levels of contingency and these levels have been maintained above pre pandemic levels reflecting the more challenging geo-political and macro – economic environment.

Risk / Uncertainty: Education Sector Reform

Education sector reform arising from the FE White Paper, which may include organisational structure change, and could limit autonomy to set strategy and curriculum, HE Policy Reform consultation including Civic universities and the repositioning of higher technical qualifications, the Prison Strategy White Paper for education including HMPPS structures and ways of working focused on employment outcomes, employer engagement and digital developments.

Mitigation

- The Group has already conducted significant review and analysis of the implication, short, medium and long term of the white papers and proposed reform.
- Regular dialogue with funding bodies and active participation in national consultations.

Risk / uncertainty: Reduction in Government Funding

Further cuts in government funding, 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 already has a diversified approach to income and is continuing to reduce its 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 and ensuring that the offer is in line with the Greater Manchester Skills needs.

Risk / Uncertainty: Income Assurance

Income assurance underpinning EBITDA generation

Mitigation

- As can be seen from the above we are very focussed on assuring the overall level of 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.

Risk / Uncertainty: Tuition Fee Policy

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 or eligible for full funding through the new National Skills Fund scheme.

Higher Education tuition fees are competitive locally and reviewed annually. For 2022/23 entrants all years' tuition fees range from £7,200 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.

The medium-term outlook includes governmental proposals for funding and accountability reform, including the introduction of single stream for funding skills, incorporating all grant funded adult skills budgets and funding reform which will see a duty to collaboratively plan. New statutory guidance will place the responsibility for meeting local needs (in line with the Local Skills Improvement Plans) on the Governing Bodies of Further Education Colleges, Sixth Form Colleges and FE Designated Institutions.

Mitigation

- By ensuring the College is rigorous in delivering high quality technical education, thus ensuring value for money for students and strong outcomes and student destinations into jobs aligned to the skills needs of Manchester and Greater Manchester.
- Close monitoring of the demand for courses as prices change and careful management of any fee increases.
- Robust Student Loan and Credit control procedures.
- Curriculum designed and delivered in line with local skills needs.
- Experience of national and regional commissioning currently with national allocations and devolved allocations through GMCA ensures the College is well placed to respond to the changes.

Risk / Uncertainty: Business Development

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 are focused or ensuring that we can deliver to the service levels while managing associated costs. Recent contract awards include the retention of YOI, the provision of education to HMPPS Parc and the subcontracted delivery of education at Lowdham Grange.

Risk / Uncertainty: Estates Strategy

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 vision.

Mitigation

- LTE Group already has a good track record in planning for, and mitigations for, any delays in the programme or overspends, securing disposal proceeds according to plan timetable and delivering EBITDA and estates strategy related savings to support debt service costs.

Risk / Uncertainty: Core Infrastructure

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 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.

Risk / Uncertainty: Cyber Security

LTE is at risk of financial loss, disruption or damage to reputation resulting from the failure of its Information Technology systems. This could materialise in a variety of ways including deliberate and unauthorised breaches of security to gain access to information systems.

Mitigation

- Focus on cyber security, and maintenance of business continuity readiness to ensure that we remain resilient.
- Significant network upgrade to improve cybersecurity.
- The Group maintains ISO 27001 accreditation and has its security controls, processes and technology independently audited to ensure that it remains effective or to assess where is requires additional investment.
- Significant device refresh strategy, and rollout of multi-factor authentication to all colleagues completed.
- Mandatory training for all colleagues.

Risk / Uncertainty: People & Change

Colleague Attraction, Recruitment and Retention given a high demand for talent within the sector, and the demand for trade and vocational skills.

Mitigation

- Investing in our People through pay and flexible benefits, ensuring we have a reputation as employer of choice, in each of the markets we serve. Recruitment strategies within different job sector markets e.g., ex-forces, and "grow your own" initiatives are also being explored for certain roles.

Risk / Uncertainty: Pension Liabilities

Pension Liabilities - Maintain adequate funding to service future pension liabilities.

Mitigation

- Teachers' Pension scheme (TPS) increases have been funded for the period to July 2023, 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 2021/22, this deficit reduced by £84.0m from a deficit of £67.0m as at July 2021 to a surplus of £17m as at July 2022. Throughout 2021/22, the Group maintained the required employer contribution set out by GMPF of 18.1% (2020/21 18.1%). This rate will next be reviewed in March 2023.

- 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 2021/22 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 £3.6m from £6.7m in 2020/21 to £10.3m in 2021/22.
- 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).

Risk / Uncertainty: Project Connect

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.

Risk / Uncertainty: Financial Sustainability

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 macro-economic pressures, government funding reductions, 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 £49.4m with Santander and MCC (2020/21: £46.3m). 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.

Risk / Uncertainty: COVID-19 / and or Future Pandemics - Ongoing

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

Health and Safety

The number of RIDDOR incidents increased by 2 in 2021/22, to 9 incidents (2020/21: 7 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. As we have migrated to a new way of working, a series of desktop reviews took place to test effectiveness of arrangements and to ensure that our plans were updated and included 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. Whilst the majority of these processes have now been “stood down” we are continuing to monitor the covid transmission rates as we approach the winter months and will re-instate guidance as and when necessary.

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 have revisited the strategic plan from Autumn 2021, with the Group building a new plan from 2022 to 2027. The new plan has yet to be ‘locked’ to permit time to understand how important factors, with likely influence on underpinning planning assumptions, will be impacted by the election of a new prime minister, the formation of a new cabinet with a potential shift in priority spending areas and / or new ministers in each of LTE’s core markets who may introduce different agendas or priorities for reform. In addition, the macro-economic environment remains a cause for concern, with an escalating economic crisis. The strategy for 2022-2027 will establish a set of new key strategic themes informed by both regional and national policy with all our business units predicting a significant level of change in the near term 1-2 years and 3 years +, not least as reform will disrupt the markets we operate within. We have therefore adopted a 2+3 approach for the purposes of financial planning.

The Budget for 2022/23 and the Plan for 2023/24 provides for a greater level of central contingency than in normal years, maintaining the levels of contingency included in the COVID resilience and transition plans and will also enable key elements of future strategy to progress, such as the diversification of income and contract / customer base, and more digitisation and automation to reduce central overhead and improve organisational effectiveness. These levels have been maintained above pre pandemic levels reflecting the more challenging geo-political and macro – economic environment.

A key part of the scenario testing work that went to the Board was a forward cash view supported by a detailed, integrated forward cash flow forecast.

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, growth cases not being met, challenges to commercial income, the macro-economic situation including high inflation, the increase in the cost of debt funding and our estates strategy, along with reasonable mitigating actions, have been factored into the sensitivities which have been performed on the forward 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, ahead of original 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.

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, recruited in June 22.
- Review findings from external agency as part of initial diagnostic and strategy development.
- Implementation of a 2 year Action Plan following agreement and approval of group strategy.
- 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 15 December 2022 and signed on its behalf, on 21 December 2022, 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 2021 to 31 July 2022 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") and from March 2022 the Charity 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 and, from March 2022, the Charity Governance code. 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 29th March 2022, the governing Board considered and confirmed its compliance with the provisions of the Charity Code of Governance, the Board having adopted this in March 2022. 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, the Board took 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. From March 2022, the Board took full account of the Charity Governance Code and continued observance of the AoC code on the remuneration of senior postholders.

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 2022 and concluded that the Corporation had undertaken its duties and responsibilities to a high standard during the year 2021/22. Governors and co-opted members undertook various development activities during the year including a skills for white paper strategy day and participation in campus tours and prison visits.

LTE GROUP BOARD

The composition of the LTE Group Board is set out on page 47. 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 2021/22 the Divisional Boards were: The Manchester College, UCEN Manchester, Novus and Group Operations. The cross-group Committees were: Audit & Risk, 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 2021/22.

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 2021/22 (19 October 2021, 14 December 2021, 29 March 2022 and 20 July 2022).

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.

Mrs Paula Cole was reappointed for a further term of office from 20 July 2022

Mr Tim Sergeant was reappointed for a further term of office from 20 July 2022

Ms Jacqueline Dunn was appointed as student Governor from 14 December 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 of membership	Reason	Status of appointment	Committees served	Attendance in 21/22
Lady Rhona Bradley	20.05.21	20.05.21	3 years			Independent member	Novus Board	7/8
Ms J Burden MBE	08.12.14	08.12.21	3 years			Independent member	TMC Board, Governance	5/11
Mrs P Cole	16.07.19	20.07.22	3 years			Independent member	Audit & Risk, Novus Board	10/11
Ms J Dunn	14.12.21			31.08.22	End of term of office	Student member	UCEN MCR Board	1/4
Ms A Ephraim	1.01.21	1.01.21	3 years			Independent member	Novus Board	7/8
Mr N Garbett	19.10.21	19.10.21	3 years			Staff member		3/4
Cllr J Hacking	10.09.08	13.09.19	3 years			Independent member	TMC Board, UCEN MCR Board, Remuneration	15/15
Ms L Jacques	20.10.20	20.10.20	3 years			Staff member		3/4
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	23/25
Mr P Lanigan	03.06.14	02.06.21	3 years			Independent member	Audit & Risk, Total People Ltd, Remuneration	13/15
Mr B J Lynch	14.12.10	12.12.20	3 years			Independent member	Novus Board, Group Operations Board, Total People Ltd, Governance	18/19
Mr T Sargeant	13.09.19	20.07.22	3 years			Independent member	Group Operations Board	8/8
Mr M Sugden	18.07.17	18.07.20	3 years			Independent member	Audit & Risk, Novus Board, Novus Cambria, Remuneration	15/15
Mr J Thornhill	01.10.12	01.10.12	Ex officio			C.E.O.	Total People Ltd, Novus Cambria, Investment & Estates Strategy Group	8/9
Mrs P Waterhouse OBE	12.12.13	12.12.20	3 years			Independent member	TMC Board	8/9
Mr A White	25.05.18	25.05.21	3 years			Independent member	Investments and Estates Strategy Group	7/8

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 served as Company Secretary & General Counsel (which encompasses the role of Clerk to the Board of Governors) until 11 July 2022, from which date Mrs Lorna Lloyd-William served as Company Secretary & General Counsel.

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.

Mr Peter Winter resigned as a co-opted member of the UCEN Divisional Board on 29th March 2022

Ms Kimoni Bell resigned as a co-opted member of the UCEN Divisional Board on 11th May 2022

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

Ms Catherine Hill was reappointed to the TMC Boards from 2nd April 2022 and appointed as a director of Total People for one year from March 2022

Mr Ged Barlow was reappointed to the TP Board from 1st April 2022

Miss Louise Durose was reappointed to the TP Board from 31st July 2022

Mr M Bruce was appointed to the TP Board from 1st August 2022

Mr N Carberry was appointed to the TP Board from 16th September 2022

Mr M Todd was appointed to the UCEN Board from 16th September 2022

Ms J Atherton was appointed to the Group Operations Board from 16th September 2022

Mr M Dewhurst was appointed to the investment and estates strategy group from 21st November 2022

Mr Leo Nicholas was appointed as a student co-optee of The Manchester College Board for one academic year from 14th December 2021.

Name	First appointed	Current appointment	Term of Office	End of Appointment	Board or Committee
Ms J Atherton	16.09.22	16.09.22	3 years		Group Operations
Mr Ged Barlow	02.04.19	01.04.22	3 years		Total People Ltd
Ms Kimoni Bell	15.10.19	15.10.19	3 years	11.05.22	UCEN MCR
Mrs Monica Brij	31.07.19	31.07.19	3 years	18.10.21	Investment & Estates Strategy Group, Novus
Mr M Bruce	01.08.22	31.07.23	1 year		Total People Ltd
Mr N Carberry	16.09.22	16.09.22	3 years		Total People Ltd
Mr Mark Dewhurst	01.11.22	01.11 .22	3 years		Investment & Estates Strategy Group
Miss Louise Durose	31.07.16	31.07.22	3 years		Total People Ltd
Mr Justice Ellis	01.01.21	01.01.21	3 years		The Manchester College, UCEN MCR
Mr Mark Fletcher	01.01.21	01.01.21	3 years		The Manchester College
Ms Catherine Hill OBE	02.04.19	02.04.22	3 years		The Manchester College, Total People Ltd
Mr Leo Nicholas	14.10.21	14.10.21	1 academic year	31.07.22	The Manchester College
Mr M Todd	16.09.22	16.09.22	3 years		UCEN MCR
Mr Philip Wheatley CB	20.05.21	20.05.21	3 years		Novus
Mr Peter Winter	31.07.16	31.07.19	3 years	29.03.22	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 2022, 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 2022 are set out in note 10 to the financial statements. The Committee met on three occasions during 2021/22.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprised Mr P Lanigan, Ms P Cole and Mr M Sugden. In attendance were the Company Secretary; representatives of LTE Group's financial statements and reporting auditors KPMG LLP, 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 2021/22.

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 (until 30 September 2022), Mrs M Brij (resigned 18 October 2021), Mrs A Close (from 1 January 2022) and Mr M Dewhurst (from 21st November 2022).

The Committee met on four occasions during 2021/22.

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 (until 11 July 2022), Mr B Lynch, Mr P Johnson and Mrs L Lloyd-Williams (from 11 July 2022).

The Committee met on two 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 2022 the membership of The Manchester College Divisional Board was made up of Ms J Burden MBE, Mr J Ellis, Mr M Fletcher, Cllr J Hacking, Ms C Hill OBE, Mrs L O'Loughlin, Mr P Johnson, Mr L Nicholas and Mrs P Waterhouse OBE.

The Board met on four occasions in 2021/22.

UCEN Manchester Divisional Board

Throughout the year ended 31 July 2022 the membership of the UCEN Manchester Divisional Board was made up of Ms K Bell (resigned 11 May 2022), Mr J Ellis, Cllr J Hacking, Mr P Johnson, Mrs L O'Loughlin and Mr P Winter (resigned 28 March 2022). Post-year end, Mr M Todd was appointed on 16 September 2022.

The Committee met on three occasions in 2021/22.

Novus Divisional Board

Throughout the year ended 31 July 2022 the membership of the Novus Divisional Board was made up of Lady R Bradley, Mr B Lynch, Mrs P Cole, Mr P Cox, Ms A Ephraim, Mrs M Brij (resigned 18 October 2021), Mr M Sugden, Mr P Wheatley CB and Mr P Winter (resigned 28 March 2022).

The Board met on four occasions in 2021/22.

Group Operations Board

Throughout the year ended 31 July 2022 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. Post-year end, Ms J Atherton was appointed on 16 September 2022.

The Board met on three occasions in 2021/22.

WHOLLY OWNED OR CONTROLLED SUBSIDIARIES

Total People Limited

Throughout the year ended 31 July 2022 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 (until 1 January 2022), Mrs A Close (from 1 January 2022), Mr J Thornhill and Ms C Hill OBE (from 29 March 2022). Mrs J Foote MBE was appointed Company Secretary (until 8 June 2022). Post-year end, Mr M Bruce was appointed on 1 August 2022 and M N Carberry on 16 September 2022.

The Board met on five occasions during 2021/22.

Novus Cambria

Throughout the year ended 31 July 2022 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, Ms Y Williams, Mr T Wheeler. Mrs J Foote MBE was appointed Company Secretary (until 8 June 2022).

The Board met on four occasions in 2021/22.

LTE Professional Services Ltd

Throughout the year ended 31 July 2022 the membership of the Board of LTE Professional Services Limited (a wholly owned company limited by shares) was made up of Mr R Cressey (until 1 January 2022), Mrs A Close (from 1 January 2022), Mr P Cox and Ms A Hunter. Mrs J Foote MBE was appointed Company Secretary (until 8 June 2022).

The Board met on one occasion in 2021/22.

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 2022 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 2022 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

Whilst home working continued throughout much of 2021/22 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.

In 2021/22, all managers have conducted new or updated risk assessments in relation to the opening of any site and these were subsequently approved by a member of the executive and leadership team. The Health and Safety team have continued to conduct regular site visits and audits to ensure all the required controls were in place and working well. The output of these audits has been reported to senior managers.

In 2021/22, 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 in the 21/22 financial year, 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. Dealing with COVID, and the ongoing repercussions is the new BAU modus operandi.

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 2022.

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 65), responsibilities relating to the accounts (page 65), and the requirement to produce a statement of regularity, propriety and compliance (page 64).

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 2021/22, 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 2021/22, 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 2021/22, to reduce the risk of infection, most internal audit activities have been conducted remotely, with meetings facilitated by video conference and information transferred via the use of secure data exchange portals.

In relation to the external audit, there has been a hybrid approach with a mixture of remote and onsite face to face activity.

In 2021/22, 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 2021/22 and up to the date of the approval of the financial statements are:

Internal Audit

The Committee considered the 2021/22 Internal Audit Strategy and recommended it for approval to the Group Board. As set out in that strategy, during 2021/22, 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.

External Audit

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 2022, and the Committee considered and discussed the risks identified within this document. At the November 2022 meeting, the Committee reviewed KPMG's report on the 2021/22 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 2021/22, 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.

Strategic Risk Management

The Risk sections above outline the Group's risk management process and the role of the Committee in this process.

Other

Other Committee activities during 2021/22 included oversight of any subject access or freedom of information requests and of public interest disclosures and oversight of the fraud register.

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 2022 meeting, the LTE Group Board carried out the annual assessment for the year ended 31 July 2022 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2022.

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 15 December 2022 and signed on its behalf, on 21 December 2022, 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 2022.

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 it's 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, they are asked to commit to the Base Code of the Ethical Trading Initiative (ETI). LTE Group continues to work 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

Statement of the Accounting Officer

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

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the terms and conditions of funding, under the corporation's grant funding agreements and contracts with ESFA, or any other public funder.

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

John Thornhill
Chief Executive Officer
Date: 21 December 2022

Statement of the Chair of LTE Group Board

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

Philip Johnson
Chair of LTE Group Board
Date: 21 December 2022

STATEMENT OF THE CORPORATION RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The Corporation is responsible for preparing the Strategic Report and the Corporation's Statement of Governance and Internal Control and the financial statements in accordance with the Corporation's Financial Memorandum with the Education and Skills Funding Agency (ESFA) and applicable law and regulations.

It is required to prepare the Group and parent Corporation financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education. It is further required to prepare the financial statements in accordance with the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022), the Corporation Accounts Direction 2021 to 2022 issued by the ESFA, the Accounts Direction dated 25 October 2019 issued by the Office for Students, and the terms and conditions of funding.

The Corporation is required to prepare financial statements which give a true and fair view of the state of affairs of the Group and parent Corporation and of their income and expenditure, gains and losses and changes in reserves, and of its cash flows for that period. In preparing each of the Group and parent Corporation financial statements, the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the parent Corporation or to cease operations, or have no realistic alternative but to do so.

The Corporation is responsible for keeping adequate accounting records that are sufficient to show and explain the parent Corporation's transactions and disclose with reasonable accuracy at any time the financial position of the parent Corporation. It is responsible for 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, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Corporation is responsible for the maintenance and integrity of its websites; 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.

The Corporation is also responsible for ensuring that:

- 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 Corporation's 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 attached to them;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the Corporation's resources and expenditure.

Approved by order of the members of the Corporation on 15 December 2022 and signed on its behalf, on 21 December 2022, by:

Philip Johnson
Chair of LTE Group Board
Date: 21 December 2022

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 2022 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 accounting policies 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 2022, 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 it does not intend to liquidate the Group or the Corporation or to cease their operations, and as it has concluded that the Group and the Corporation's financial position means that this is realistic. It has 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.

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, 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.

- adequate accounting records have not been kept by the parent Corporation; or
- the parent 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.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022) 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 parent Corporation; or
- the parent 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 its statement set out on page 65, 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 parent 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 parent 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 Corporation's 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
- the financial statements 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 in accordance with Article 22 of the Articles of Government of the Corporation. 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 Corporation 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

22 December 2022

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)

Requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by LTE Group and its subsidiaries (hereinafter collectively referred to as "the Group") during the period 1 August 2021 to 31 July 2022 as recorded in the annual financial statements of LTE Group for the same period, 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 in conducting our work is set out in the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022) issued by the ESFA.

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 have been engaged 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 the Corporation 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 by the College are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022). We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, the expenditure disbursed and income received by the College during the period 1 August 2021 to 31 July 2022, as recorded in the annual financial statements of LTE Group, have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

We comply with the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales and we apply International Standard on Quality Control (UK) 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Approach

We conducted our engagement in accordance with the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022) 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 and propriety.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College'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 and propriety consistent with the requirements of the Post-16 Audit Code of Practice 2021 to 2022 (revised) (September 2022).

This engagement to report on regularity and propriety is separate from the audit of the annual financial statements of LTE Group and the report here relates only to the matters specified and does not extend to LTE Group's annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit report is made solely to the Corporation of LTE Group in accordance with Section 22 of the Articles of Government of LTE Group. The audit work has been undertaken so that we might state to the Corporation of LTE Group those matters we are required to state to the Corporation 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 LTE Group and the Corporation of LTE Group for that audit work, for the audit report, or for the opinions we have formed in respect of that audit.¬¬

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 by the College during the period 1 August 2021 to 31 July 2022, as recorded in the annual financial statements of LTE Group, have 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

22 December 2022

CONSOLIDATED AND CORPORATION STATEMENTS OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2022

	Notes	Year ended 31 July		Year ended 31 July	
		2022	**2022**	**2021**	**2021**
		Group	**Corporation**	**Group**	**Corporation**
		£'000	**£'000**	**£'000**	**£'000**
INCOME					
Funding body grants	3	138,819	127,970	135,990	123,736
Tuition fees and education contracts	4	15,950	14,090	17,824	17,526
Other grants and contracts	5	666	660	1,210	795
Other income	6	6,863	5,653	7,718	8,208
Investment income	7	38	38	24	24
Donations and endowments	8	1,011	1,011	299	299
Total income		**163,347**	**149,422**	**163,065**	**150,588**
EXPENDITURE					
Staff costs (excluding FRS 102 (28) pension charge)	10	113,674	104,181	115,614	107,580
FRS 102 (28) pension charge & pension finance costs	28	10,311	10,311	6,747	6,747
Restructuring costs	10	968	965	2,078	1,736
Other operating expenses	11	29,185	24,528	31,102	27,148
Depreciation, amortisation & impairment	15, 16	9,859	9,611	8,193	7,935
Interest and other finance costs (excluding pension finance costs)	13	2,467	2,467	2,853	2,853
Total expenditure		**166,464**	**152,063**	**166,587**	**153,999**
(Deficit) before other gains and losses		**(3,117)**	**(2,641)**	**(3,522)**	**(3,411)**
Gain on disposal of assets		8,106	8,106	1,652	1,652
(Loss) / gain on investments		(36)	(36)	41	41
Surplus/(Deficit) before tax		**4,953**	**5,429**	**(1,829)**	**(1,718)**
Taxation	14	109	-	295	-
Surplus/(Deficit) for the year		**5,062**	**5,429**	**(1,534)**	**(1,718)**
Other comprehensive income					
Actuarial gain in respect of pension scheme	28	94,325	94,325	805	805
Actuarial gain in respect of enhanced pension provision	23	301	301	5	5
Total comprehensive income / (loss) for the year		**99,688**	**100,055**	**(724)**	**(908)**
Represented by:					
Endowment comprehensive (loss) / income for the year		(36)	(36)	43	43
Unrestricted comprehensive income / (loss)		99,724	100,091	(767)	(951)
		99,688	**100,055**	**(724)**	**(908)**
Surplus/(deficit) for the year attributable to:					
Minority interest share in Novus Cambria		53	-	160	-
Group		**5,009**	**5,429**	**(1,694)**	**(1,718)**
Total comprehensive income / (loss) for the year					
Minority interest share in Novus Cambria		53	-	160	-
Group		**99,635**	**100,055**	**(884)**	**(908)**

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 & impairment (EBITDA)

	Year ended 31 July		Year ended 31 July	
	2022	**2022**	**2021**	**2021**
	Group	**Corporation**	**Group**	**Corporation**
	£'000	**£'000**	**£'000**	**£'000**
Surplus/(Deficit) before other gains and losses	5,062	5,429	(1,534)	(1,718)
INCOME				
Less: Minority interest	(53)	-	(160)	-
Less: Tax credit	(109)	-	(295)	-
Less: Gain on disposal of assets	(8,106)	(8,106)	(1,652)	(1,652)
Add / Less: (Loss) / Gain on investments	36	36	(41)	(41)
Less: Releases of capital grant income	(5,406)	(5,406)	(872)	(872)
Less: Investment income	(38)	(38)	(24)	(24)
Less: Gifts and donated assets	(1,011)	(1,011)	(299)	(299)
Add: Depreciation, amortisation & impairment	9,859	9,611	8,193	7,935
Add: Interest payable and other finance costs	2,467	2,467	2,853	2,853
Add: FRS 102 (28) pension charge & pension finance costs*	10,311	10,311	6,747	6,747
Education specific EBITDA	**13,012**	**13,293**	**12,916**	**12,929**

The accompanying notes form part of these financial statements.

* The FRS 102 (28) pension charge is the current service cost plus the past service cost, less employer cash contributions.

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 31st July 2020	**263**	**27,629**	**4,222**	**32,114**	**318**	**32,432**
Surplus 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 31st July 2021	**306**	**26,865**	**4,050**	**31,221**	**160**	**31,381**
Surplus from the income and expenditure account	-	5,009	-	5,009	53	5,062
Other comprehensive income	-	94,626	-	94,626	-	94,626
Transfers between endowment and income and expenditure reserves	(36)	36	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	643	(643)	-	-	-
Total comprehensive income / (expense) for the year	**(36)**	**100,314**	**(643)**	**99,635**	**53**	**99,688**
Distributions paid to minority interest share in Novus Cambria	-	-	-	-	(160)	(160)
Total transactions with minority interest share in Novus Cambria recognised directly in equity	**-**	**-**	**-**	**-**	**(160)**	**(160)**
Balance at 31 July 2022	**270**	**127,179**	**3,407**	**130,856**	**53**	**130,909**
CORPORATION						
Balance at 1 August 2020	**263**	**28,033**	**4,222**	**32,518**	**-**	**32,518**
Surplus for the year	-	(1,718)	-	(1,718)	-	(1,718)
Other comprehensive loss	-	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**	**(779)**	**(172)**	**(908)**	**-**	**(908)**
Balance at 31st July 2021	**306**	**27,254**	**4,050**	**31,610**	**-**	**31,610**
Surplus from the income and expenditure account	-	5,429	-	5,429	-	5,429
Other comprehensive income	-	94,626	-	94,626	-	94,626
Transfers between endowment and income and expenditure reserves	(36)	36	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	643	(643)	-	-	-
Total comprehensive income / (expense) for the year	**(36)**	**100,734**	**(643)**	**100,055**	**-**	**100,055**
Balance at 31 July 2022	**270**	**127,988**	**3,407**	**131,665**	**-**	**131,665**

CONSOLIDATED AND CORPORATION BALANCE SHEETS

As at 31 July 2022

	Notes	Group	Corporation	Group	Corporation
		2022	**2022**	**2021**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Tangible fixed assets	16	204,824	204,601	189,494	189,253
Investments	17	265	1,532	301	1,568
Intangible assets	15	642	144	838	173
Pensions asset		-		-	-
		205,731	**206,277**	**190,633**	**190,994**
Current assets					
Stocks		63	60	70	70
Trade and other receivables	18	20,671	19,541	23,170	23,524
Cash and cash equivalents	24	19,625	18,399	20,365	18,629
		40,359	**38,000**	**43,605**	**42,223**
Less: Creditors – amounts falling due within one year	19	(37,328)	(34,942)	(45,997)	(44,747)
Net current assets / (liabilities)		**3,031**	**3,058**	**(2,392)**	**(2,524)**
Total assets less current liabilities		**208,762**	**209,335**	**188,241**	**188,470**
Less: Creditors – amounts falling due after more than one year	20	(93,314)	(93,191)	(87,968)	(87,968)
Provisions					
Defined pension benefit obligations	28	16,974	16,974	(67,040)	(67,040)
Other provisions	23	(1,513)	(1,453)	(1,852)	(1,852)
Total net assets		**130,909**	**131,665**	**31,381**	**31,610**
Restricted reserves					
Income and expenditure endowment reserve		270	270	306	306
Unrestricted reserves					
Income and expenditure account		127,179	127,988	26,865	27,254
Revaluation reserve		3,407	3,407	4,050	4,050
Minority interest share in Novus Cambria		53	-	160	-
Total reserves		**130,909**	**131,665**	**31,381**	**31,610**

The financial statements on pages 76 to 117 were approved and authorised for issue by the Corporation on 15 December 2022 and were signed on its behalf, on 21 December 2022, 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 2022

	Notes	Group	Group
		2022	**2021**
		£'000	**£'000**
Cash inflow from operating activities			
Surplus/(deficit) for the year		5,062	(1,534)
Adjustment for non-cash items			
Depreciation, amortisation and impairments	15, 16	9,859	8,193
Loss/(Gain) on investments		36	(41)
Decrease in stocks	7	6	29
Decrease/(Increase) in debtors < 1 year		2,608	(391)
(Decrease)/increase in creditors due within one year	18	(449)	6,029
(Decrease)/increase in deferred capital grant creditor		(4,246)	6,452
(Decrease) in creditors due after one year	19	(977)	(7,041)
(Decrease) in provisions	20	(68)	(163)
Pensions costs less contributions payable	10, 28	10,311	6,747
Taxation	14	(109)	(295)
Adjustment for investing or financing activities			
Investment income	7	(38)	(24)
Interest payable	13	2,467	2,853
Profit on sale of fixed assets		(8,106)	(1,652)
Net cash flow from operating activities		**16,355**	**19,162**
Cash flows from investing activities			
Proceeds from sale of fixed assets		23,481	11,001
Investment income		38	24
Capital grants receipt	7	4,080	17,018
Payments made to acquire fixed assets	20	(43,212)	(52,569)
Net cash flow from investing activities		**(15,612)**	**(24,526)**
Cash flows from financing activities			
Interest paid		(2,322)	(2,635)
Interest element of finance lease rental payments	25	(132)	(145)
Capital element of finance lease rental payments	25	(1,869)	(1,190)
New secured loans	25	24,000	5,500
Repayments of amounts borrowed	25	(21,000)	(8,973)
Distributions paid to minority interest share in Novus Cambria		(160)	(327)
Net cash flow from financing activities		**(1,483)**	**(7,770)**
Decrease in cash and cash equivalents in the year		**(740)**	**(13,134)**
Cash and cash equivalents at beginning of the year	24	20,365	33,499
Cash and cash equivalents at end of the year	24	**19,625**	**20,365**

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.

Novus Gower, a joint venture with Gower College (LTE Group controls 60% of the voting rights and Gower College 40% of the voting rights), was established on 6 July 2022. Following the successful bid for HMPYOI Parc, this contract is due to commence on 15 December 2022.

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 2021 to 2022, 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 2022.

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 have revisited the strategic plan from Autumn 2021, with the Group building a new plan from 2022 to 2027. The new plan has yet to be 'locked' to permit time to understand how important factors, with likely influence on underpinning planning assumptions, will be impacted by the election of a new prime minister, the formation of a new cabinet with a potential shift in priority spending areas and / or new ministers in each of LTE's core markets who may introduce different agendas or priorities for reform. In addition, the macro-economic environment remains a cause for concern, with an escalating economic crisis. The strategy for 2022-2027 will establish a set of new key strategic themes informed by both regional and national policy with all our business units predicting a significant level of change in the near term 1-2 years and 3 years +, not least as reform will disrupt the markets we operate within. We have therefore adopted a 2+3 approach for the purposes of financial planning.

The Budget for 2022/23 and the Plan for 2023/24 provides for a greater level of central contingency than in normal years, maintaining the levels of contingency included in the COVID resilience and transition plans and will also enable key elements of future strategy to progress, such as the diversification of income and contract / customer base, and more digitisation and automation to reduce central overhead and improve organisational effectiveness. These levels have been maintained above pre pandemic levels reflecting the more challenging geo-political and macro – economic environment.

A key part of the scenario testing work that went to the Board was a forward cash view supported by a detailed, integrated forward cash flow forecast.

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, growth cases not being met, challenges to commercial income, the macro-economic situation including high inflation, the increase in the cost of debt funding and our estates strategy, along with reasonable mitigating actions, have been factored into the sensitivities which have been performed on the forward 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, ahead of original 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

NOTES TO THE FINANCIAL STATEMENTS – continued

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 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 2022. 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

NOTES TO THE FINANCIAL STATEMENTS – continued

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.

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

Website costs included within intangible assets, are carried at cost less accumulated amortisation, which 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% control or more are included in the Group's results and disclosed under related party transactions.

Leased assets

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

NOTES TO THE FINANCIAL STATEMENTS – continued

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.

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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS – continued

3. Funding body grants

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Recurrent grants				
ESFA - adult education budget	4,447	297	5,018	642
ESFA - 16-18	32,608	30,403	33,037	29,981
GMCA - adult education budget	16,737	16,162	15,766	14,844
Office for Students (OfS)	483	483	709	709
Specific grants				
Other funding body - MoJ/YJB/MCC/ ESFA	74,825	70,909	75,792	71,948
ESFA – provider relief scheme	-	-	51	-
Teacher Pension Scheme contribution grant	3,548	3,545	3,791	3,786
Releases of government capital grants	5,406	5,406	872	872
Other funds	765	765	954	954
Total	**138,819**	**127,970**	**135,990**	**123,736**

4. Tuition fees and education contracts

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Adult education fees	3,540	1,760	2,913	2,703
Apprenticeship contracts	53	-	50	-
Fees for FE loan supported courses	1,945	1,918	3,356	3,318
Fees for HE loan supported courses	8,351	8,351	9,119	9,119
Total tuition fees	13,889	12,029	15,438	15,140
Education contracts	2,061	2,061	2,386	2,386
Total	**15,950**	**14,090**	**17,824**	**17,526**

5. Other grants and contracts

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Other grant income	666	660	1,210	795
Total	**666**	**660**	**1,210**	**795**

6. Other income

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Residencies, catering and conferences	1,160	1,160	286	286
Other income generating activities	1,951	509	2,275	2,217
Other income*	3,752	3,984	5,157	5,705
Total	**6,863**	**5,653**	**7,718**	**8,208**

*This includes miscellaneous income £2,926k (2021: £4,312k), Rental income £118k (2021: £117k), Exam fee income £182k (2021: £250k), Nursery income £526k (2021: £478k).

7. Investment income

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Endowment income	-	-	2	2
Interest receivable	38	38	22	22
Total	**38**	**38**	**24**	**24**

8. Donations and endowments

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Unrestricted donations	1,011	1011	299	299
Total	**1,011**	**1,011**	**299**	**299**

NOTES TO THE FINANCIAL STATEMENTS – continued

9. Grant and fee income

For the year ended 31 July 2022

	2022	2022	2021	2021
	Group	**Corporation**	**Group**	**Corporation**
	£'000	**£'000**	**£'000**	**£'000**
Grant income from the OfS	954	954	1,073	1,073
Fee income for taught awards (exclusive of VAT)	8,351	8,351	9,119	9,119
Total	**9,305**	**9,305**	**10,192**	**10,192**

Grant income from the OfS' means grants to the provider by the OfS for both:

i. the provision of education by the provider and

ii. the provision of facilities, and the carrying on of other activities, by the provider, which its governing body considers are necessary or desirable to provide or carry on for the purposes of, or in connection with, education.

This includes recurrent teaching funding (including targeted allocations, high-cost subject funding, National Collaborative Outreach Programme funding and any other recurrent teaching funding) and non-recurrent funding (including grants for capital infrastructure, challenge competitions or any other non-recurrent grant funding) to the provider from the OfS. The amount of grant income must be exclusive of any deductions for expenditure such as that spent on access and participation activities.

Fee income for taught awards (exclusive of VAT)' means fee income for higher education courses for taught awards (from students directly or via the Student Loans Company or other body paying fees on behalf of the student) and includes undergraduate and postgraduate taught awards.

10. Staff costs - Group and Corporation

For the year ended 31 July 2022

The average number of persons (including key management personnel) employed by the Group and Corporation during the year was:

	Group	Corporation	Group	Corporation
	2022	**2022**	**2021**	**2021**
	No.	**No.**	**No.**	**No.**
Teaching staff	1,786	1,634	2,050	1,907
Non-teaching staff	1,438	1,287	1,429	1,320
Total	**3,224**	**2,921**	**3,479**	**3,227**
STAFF COSTS FOR THE ABOVE PERSONS				
Staff costs for the above persons	**2022**	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	86,305	78,240	88,393	81,501
Social security costs	8,284	7,509	8,378	7,732
Other pension costs - excluding FRS 102 (28) pension charge	14,930	14,525	15,571	15,231
Payroll sub total	**109,519**	**100,274**	**112,342**	**104,464**
Contracted out staffing services	4,155	3,907	3,272	3,116
	113,674	**104,181**	**115,614**	**107,580**
FRS102 (28) pension charge	9,060	9,060	5,750	5,750
	122,734	**113,241**	**121,364**	**113,330**
Restructuring costs				
Contractual	855	852	1,828	1,494
Non contractual	113	113	250	242
	123,702	**114,206**	**123,442**	**115,066**

The severance payments included in restructuring costs were approved by the Group's Corporation. Of these £968k group restructuring costs, £882k are considered to be fundamental (2021: Of the £2,078k group restructuring costs, £1,494k were 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

	2022	2021
	No.	**No.**
The number of key management personnel including the Accounting Officer was:	9	7

At no point in the year did the total number of key management personnel exceed 7

NOTES TO THE FINANCIAL STATEMENTS – continued

people. However, in year there was both a change in the Chief Financial Officer and in the Company Secretary & General Counsel, with both the outgoing and the incoming person for each role included in the above.

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			
	2022		2021		2022		2021	
	ESFA	OfS	ESFA	OfS	ESFA	OfS	ESFA	OfS
	No.	No.	No.	No.	No.	No.	No.	No.
£0 to £5000 p.a	1	-	-	-	-	-	-	-
£45,001 to £50,000 p.a	1	-	-	-	-	-	-	-
£60,001 to £65,000 p.a.	-	-	-	-	10	10	11	13
£65,001 to £70,000 p.a.	-	-	-	-	14	14	8	5
£70,001 to £75,000 p.a.	-	-	-	-	7	5	9	7
£75,001 to £80,000 p.a.	-	-	-	1	5	5	2	2
£80,001 to £85,000 p.a.	1	-	1	-	4	7	5	3
£85,001 to £90,000 p.a.	1	-	-	-	1	1	-	-
£90,001 to £95,000 p.a.	-	-	-	-	2	-	1	2
£95,001 to £100,000 p.a.	-	-	-	-	2	1	2	-
£100,001 to £105,000 p.a.	-	-	-	-	1	3	2	3
£105,001 to £110,000 p.a.	-	-	-	-	2	2	-	1
£110,001 to £115,000 p.a.	-	-	-	1	-	1	-	-
£115,001 to £120,000 p.a.	-	-	-	-	1	6	2	4
£120,001 to £125,000 p.a.	-	-	-	-	1	1	1	2
£125,001 to £130,000 p.a.	-	-	-	-	1	-	1	-
£130,001 to £135,000 p.a.	-	-	-	-	1	-	1	-
£135,001 to £140,000 p.a.	-	-	1	-	-	-	-	-
£140,001 to £145,000 p.a.	-	2	1	3	1	-	-	-
£145,001 to £150,000 p.a.	-	1	1	-	-	-	-	-
£150,001 to £155,000 p.a.	-	-	1	-	-	-	-	-
£155,001 to £160,000 p.a.	-	-	-	-	-	-	-	-
£160,001 to £165,000 p.a.	2	-	-	-	-	-	-	-
£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.	1	-	-	-	-	-	-	-
£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	-	-	-	-
£210,001 to £215,000 p.a.	-	-	1	-	-	-	-	-
£215,001 to £220,000 p.a.	-	-	-	-	-	-	-	-
£220,001 to £225,000 p.a.	-	-	-	-	-	-	-	-
£225,001 to £230,000 p.a.	-	-	-	-	-	-	-	-
£230,001 to £235,000 p.a.	-	-	-	-	-	-	-	-
£235,001 to £240,000 p.a.	1	-	-	-	-	-	-	-
	9	**5**	**7**	**7**	**53**	**56**	**45**	**42**

The ESFA banding disclosures capture "head count" numbers, in the appropriate banding for the full year emoluments.

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:

	2022	2021
	£'000	**£'000**
Basic Salary	1,009	1,003
Performance related pay and bonus	95	12
Payment in lieu of pensions	33	33
Other including benefits in kind	37	37
	1,174	**1,085**
Pension contributions	154	155
Total emoluments	**1,328**	**1,240**

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

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

	2022	2021
	£'000	**£'000**
Basic Salary	209	207
Performance related pay and bonus	19	-
Payment in lieu of pensions	33	33
Other including benefits in kind	8	7
	269	**247**
Pension contributions	-	-
Total emoluments	**269**	**247**

As of 1 December 2018, the Accounting Officer left the LGPS pension scheme and received a pension cash option in lieu. In 2021/22 this totalled £33k (2020/21: £33k).

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.

In April 2019, the LTE Group Board adopted the Association of Colleges' (AoC's) Senior Staff Remuneration Code and assesses pay in line with its principles.

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:

	2022	2021
CEO/Accounting Officer's basic salary as a multiple of the median of all staff	7.1	7.1
CEO/Accounting Officer's total remuneration as a multiple of the median of all staff	8.0	7.3

NOTES TO THE FINANCIAL STATEMENTS – continued

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

	2022	2022	2021	2021
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Teaching costs	11,206	8,781	11,625	8,978
Non-teaching costs	13,133	11,409	14,734	14,024
Premises costs	4,846	4,338	4,743	4,146
Total	**29,185**	**24,528**	**31,102**	**27,148**

Other operating expenses include:

	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Auditors' remuneration:				
Prior year financial statements audit	-	-	71	40
Financial statements audit	222	222	222	158
Internal audit	65	65	50	42
Other services provided by external auditors - Teachers' Pension certification	4	4	4	4
Other services provided by external auditors - strategic insight	120	120	-	-
Other services provided by external auditors - tax advice and services	5	5	7	7
Other services provided by external auditors - tax services	10 *	10 *	8 *	8 *
Other services provided by internal auditors - grant audit	3	3	-	-
Other services provided by internal auditors - integrated financial model development	-	-	15	15
Other services provided by internal auditors - financial modelling	-	-	22	22
Other services provided by internal auditors - risk management	-	-	7	7
Profit / (Loss) on disposal of non-current assets	8,106	8,106	1,652	1,652
Hire of other assets Plant & Mach- operating leases	601	566	648	648
Hire of other assets - operating leases	1,170	947	1,239	927

* 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 2021/22 financial statements audit is £185k.

12. Access and participation spending (Group and Corporation)

For the year ended 31 July 2022

	2022	2021
Access investment	**£'000**	**£'000**
Pre 16	21	22
Post 16	46	48
Adults and communities	42	45
Other	4	4
Total access investment	**113**	**119**
Financial support	166	206
Support for disabled students	16	16
Research and evaluation	-	-
Total	**295**	**341**

£120k (2020/21: £131k) 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 2022

	2022	2021
	£'000	£'000
On bank loans, overdrafts and other loans*	2,305	2,682
On finance leases	132	145
Enhanced pension provision costs	30	26
Total	**2,467**	**2,853**

14. Taxation (Group)

For the year ended 31 July 2022

	2022	2021
	£'000	£'000
Deferred tax in the accounts of the subsidiary company	(109)	(295)
Total	**(109)**	**(295)**

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.

NOTES TO THE FINANCIAL STATEMENTS – continued

15. Intangible assets (Group)

For the year ended 31 July 2022

	Goodwill	Other	Website	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 31 July 2022	**1,078**	**1,050**	**373**	**2,501**
Amortisation				
At 1 August 2020	603	860	200	1,663
Charge for the year	119	48	29	196
At 31 July 2022	**722**	**908**	**229**	**1,859**
Net book value at 31 July 2022	**356**	**142**	**144**	**642**
Net book value at 31 July 2021	475	190	173	838

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	60	**10**
Cheshire West Council / Great Sanky High School / Cheshire East / Ricoh	50	-	**3**
Brand name, reputation, market share	275	82	**10**
Distress cases	250	-	**5**
	1,050	**142**	

Website costs are being amortised over 10 years.

Intangible assets (Corporation only)

For the year ended 31 July 2022

	Website
	£'000
Cost or valuation	
At 1 August 2020 and at 31 July 2022	**373**
Amortisation	
At 1 August 2021	200
Charge for the year	29
At 31 July 2022	**229**
Net book value at 31 July 2022	**144**
Net book value at 31 July 2021	173

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 2021	151,345	1,029	72,022	35,164	259,560
Additions	590	-	35,205	4,573	40,368
Transfers	22,734	-	(25,701)	2,967	-
Disposals	(25,801)	-	-	(6,159)	(31,960)
At 31 July 2022	**148,868**	**1,029**	**81,526**	**36,545**	**267,968**
Depreciation					
At 1 August 2021	44,552	245	-	25,269	70,066
Charge for the year	2,945	20	-	5,060	8,025
Impairments	1,638	-	-	-	1,638
Elimination in respect of disposals	(10,557)	-	-	(6,028)	(16,585)
At 31 July 2022	**38,578**	**265**	**-**	**24,301**	**63,144**
Net book value at 31 July 2022	**110,290**	**764**	**81,526**	**12,244**	**204,824**
Net book value at 31 July 2021	106,793	784	72,022	9,895	189,494

At 31 July 2022, freehold land and buildings included £24,025k (2021: £24,475k) in respect of freehold land and is not depreciated.

The £81.5m of buildings currently under construction as part of the estates strategy includes the land for the city centre campus (2021: £72.0m). The new city centre campus came into use for students from September 2022.

The net carrying amount of assets held under finance leases included in equipment is £1,683k (2021: £3,121k).

The impairment loss recognised on tangible fixed assets in the period was £1,638k (2021: £1,013k) and is included in depreciation in the consolidated income statement.
It arose as a result of the Nicholls site being written down to recoverable amount being the higher of their 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 2021	151,345	1029	72,022	33,413	257,809
Additions	590	-	35,205	4,510	40,305
Transfers	22,734	-	(25,701)	2,967	-
Disposals	(25,801)	-	-	(6,159)	(31,960)
At 31 July 2022	**148,868**	**1029**	**81,526**	**34,731**	**266,154**
Depreciation					
At 1 August 2021	44,552	245	-	23,759	68,556
Charge for the year	2,945	20	-	4,979	7,944
Impairments	1,638	-	-	-	1,638
Elimination in respect of disposals	(10,557)	-	-	(6,028)	(16,585)
At 31 July 2022	**38,578**	**265**	**-**	**22,710**	**61,553**
Net book value at 31 July 2022	**110,290**	**764**	**81,526**	**12,021**	**204,601**
Net book value at 31 July 2021	106,793	784	72,022	9,654	189,253

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.

At 31 July 2022, freehold land and buildings included £24,025k (2021: £24,475k) in respect of freehold land and is not depreciated.

The £81.5m of buildings currently under construction as part of the estates strategy includes the land for the city centre campus (2021: £72.0m). The new city centre campus came into use for students from September 2022.

The net carrying amount of assets held under finance leases included in equipment is £1,683k (2021: £3,121k).

The impairment loss recognised on tangible fixed assets in the period was £1,638k (2021: £1,013k) and is included in depreciation in the consolidated income statement.
It arose as a result of the Nicholls site being written down to recoverable amount being the higher of their fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS – continued

17. INVESTMENTS

Group

	2022	2021
	£	£
Investments carried at fair value through the Statement of Comprehensive Income	265	301
NBV at 31 July	**265**	**301**

Corporation

	2022	2021
	£	£
Investments in subsidiary companies	3,015	3,015
Investments carried at fair value through the Statement of Comprehensive Income	265	301
Impairment	(1,748)	(1,748)
NBV at 31 July	**1,532**	**1,568**

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

At the start of 2021/22, the Group was 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. However, during 2021/22, the Trustees and Members of Manchester Education and Training limited chose to wind-up the company and agreed to transfer all the company's remaining assets to LTE Group.

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.

Novus Gower

Novus Gower is a private limited company, and has two shareholders: LTE Group and Gower College. Both shareholders are corporations established under the Further and Higher Education Act 1992. LTE Group is the parent company as it holds 60% of the shares. The registered office is C/O Gower College, Swansea Tycoch Road, Sketty, Swansea, United Kingdom, SA2 9EB.

NOTES TO THE FINANCIAL STATEMENTS – continued

18. DEBTORS

	Group	Corporation	Group	Corporation
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year:				
Trade receivables	6,616	5,543	6,470	5,921
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,488	-	2,981
Joint venture undertakings	-		13	-
Prepayments and accrued income	13,101	11,431	11,841	10,517
Corporation tax debtor	-	-	22	-
Other debtors	459	79	4,362	4,105
Amounts owed by the ESFA	495		462	-
Total	**20,671**	**19,541**	**23,170**	**23,524**

Group trade receivables are stated net of a doubtful debt provision of £904k (2021: £888k). During the year, trade debtors totalling £274k were written-off (2021: £139k).

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 £2,200k from Total People (2021: £2,756k). 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 2023. 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
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans and overdrafts	1,902	1,902	1,902	1,902
Obligations under finance leases	1,391	1,391	1,973	1,973
Payments in advance	919	400	1,126	1,126
Trade payables	2,691	2,467	1,582	1,543
Amounts owed to group undertakings:	-			
Subsidiary undertakings	-	825	-	750
Joint venture undertakings	-		301	-
Other taxation and social security	2,218	2,010	3,350	3,214
Accruals and deferred income	19,816	18,065	22,805	21,318
Deferred income - government capital grants	3,243	3,243	7,489	7,489
Amounts owed to the ESFA	910	822	978	896
Other creditors	4,238	3,817	4,491	4,536
Total	**37,328**	**34,942**	**45,997**	**44,747**

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

	Group	Corporation	Group	Corporation
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans	47,496	47,496	44,398	44,398
Obligations under finance leases	292	292	1,147	1,147
Deferred income - government capital grants	44,835	44,835	41,916	41,916
Other	691	568	507	507
Total	**93,314**	**93,191**	**87,968**	**87,968**

NOTES TO THE FINANCIAL STATEMENTS – continued

21. MATURITY OF DEBT

Bank loans

Bank loans are repayable as follows:

	Group	Corporation	Group	Corporation
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less	1,902	1,902	1,902	1,902
Between one and two years	11,902	11,902	4,902	4,902
Between two and five years	29,783	29,783	32,934	32,934
In five years or more	5,812	5,812	6,562	6,562
Total	**49,398**	**49,398**	**46,300**	**46,300**

Loans are with Santander £21.837m (2021: £22.989m), and with The Council of the City of Manchester (MCC) totalling £19.561m (2020: £20.311m). 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 2021/22 the £3.0m drawdown on the revolving credit facility was repaid, and there was a net £8.0m drawdown on the development credit revolving facility (2020/21: £3.0m drawdown on the revolving credit facility and no drawdown on the development credit revolving 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 £21.837m (2021: £22.989m).

£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 £19.561m (2021: £10.311m).

£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 was fully repaid on 31 October 2022. At year end the balance was £10.000m (2021: £10.000m).

At year end the balance drawn on the revolving credit facility was £nil (2021: £3.000m), and on the development credit revolving facility was £8.000m (2021: £nil).

Finance Leases

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

	Group	Corporation	Group	Corporation
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
In one year or less	1,416	1,416	1,973	1,973
Between one and two years	113	113	1,303	1,303
Between two and five years	197	197	-	-
In five years or more	-	-	-	-
Total	**1,726**	**1,726**	**3,276**	**3,276**

The £1,726k total obligation (2021: £3,276k) represents the amount of future cash payments to which the Group is committed. This includes £43k of interest that will be incurred over the remaining life of the leases, which is not included in the liability at 31 July 2022.

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
		2022	**2022**	**2021**	**2021**
		£'000	**£'000**	**£'000**	**£'000**
Financial assets measured at fair value through income and expenditure:					
Investments (non - current)	17	265	265	301	301
Financial assets measured at amortised cost:					
Trade receivables	18	6,616	5,543	6,470	5,921
Other receivables	18	10,791	8,506	12,339	10,517
Amounts owed by subsidiary undertakings	18	-	2,488	-	2,981
Amounts owed by joint venture undertakings	18	-	-	13	-
Total		**17,672**	**16,802**	**19,123**	**19,720**
Financial liabilities measured at amortised cost:					
Loans	19 / 20	49,398	49,398	46,300	46,300
Finance leases	19 / 20	1,683	1,683	3,120	3,120
Trade payables	19	2,691	2,467	1,582	1,543
Other payables	19	19,297	17,848	23,448	22,602
Amounts owed to subsidiary undertakings	19	-	825	-	750
Amounts owed to joint venture undertakings	19	-	-	301	-
Total		**73,069**	**72,221**	**74,751**	**74,315**

In the prior year, the Corporation's amounts owed to subsidiary undertakings and joint venture undertakings balances were excluded. To be consistent, this has been adjusted in the current year.

NOTES TO THE FINANCIAL STATEMENTS – continued

23. OTHER PROVISIONS

Group			2022	2021
	Enhanced	**Other**	**Enhanced pensions**	**Enhanced pensions**
	£'000	**£'000**	**£'000**	**£'000**
At 1 August 2021	1,852	-	1,852	1,994
Unrelieved tax losses	-	-	-	(25)
Expenditure in the period	(128)	-	(128)	(138)
Additions in the period	-	60	60	
Interest cost	30	-	30	26
Actuarial gain	(301)	-	(301)	(5)
At 31 July 2022	**1,453**	**60**	**1,513**	**1,852**

Other provisions relate to the dilapidations provision in Total People Limited's financial statements.

Corporation	2022	2021
	Enhanced pensions	**Enhanced pensions**
	£'000	**£'000**
At 1 August 2021	1,852	1,994
Unrelieved tax losses	-	(25)
Expenditure in the period	(128)	(138)
Interest cost	30	26
Actuarial gain	(301)	(5)
At 31 July 2022	**1,453**	**1,852**

The opening 2020/21 balance on other provisions included a deferred tax provision in Total People Limited financial statements, but this balance was £nil as at both 31 July 2021 and 31 July 2022.

Therefore, as at 31 July 2022, other provisions comprise solely of the enhanced pension provision. This 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:

	2022	2021
	%	**%**
Price inflation	3.3	2.6
Discount rate	2.9	1.6

24. CASH AND CASH EQUIVALENTS

Group	At 1 August 2021	Cash flows	At 31 July 2022
	£'000	**£'000**	**£'000**
Cash and cash equivalents	20,365	(740)	19,625
Total	**20,365**	**(740)**	**19,625**

Corporation	At 1 August 2021	Cash flows	At 31 July 2022
	£'000	**£'000**	**£'000**
Cash and cash equivalents	18,629	(230)	18,399
Total	**18,629**	**(230)**	**18,399**

25. CONSOLIDATED RECONCILIATION OF NET DEBT

	At 1 August 2021	Cash Flows	New Finance Leases	Non-cash changes	At 31 July 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	20,365	(740)			19,625
Bank loans	(46,300)	(3,000)		(98)	(49,398)
Obligations under finance leases	(3,120)	2,001	(432)	(132)	(1,683)
Net debt	**(29,055)**	**(1,739)**	**(432)**	**(230)**	**(31,456)**

ANALYSIS OF DEBT

	2022	2021
	£'000	**£'000**
Cash and cash equivalents	19,625	20,365
Borrowings: amounts falling due within one year		
Bank loans	(1,902)	(1,902)
Obligations under finance leases	(1,391)	(1,973)
	(3,293)	**(3,875)**
Borrowings: amounts falling due after more than one year		
Bank loans	(47,496)	(44,398)
Obligations under finance leases	(292)	(1,147)
	(47,788)	**(45,545)**
Net debt	**(31,456)**	**(29,055)**

NOTES TO THE FINANCIAL STATEMENTS – continued

26. CAPITAL COMMITMENTS

	Group and Corporation	
	2022	2021
	£'000	£'000
Commitments contracted for at 31 July	2,793	23,965

Of the total commitments, £1.1m relates to the estates strategy build contracts (2021 £20.8m), the committed funding of which comprises the £31.0m development credit revolving facility (£8m drawn at 31 July 2022 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
	2022	**2022**	**2021**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
FUTURE MINIMUM LEASE PAYMENTS DUE				
Land and buildings				
Not later than one year	593	550	1,034	966
Later than one year and not later than five years	836	836	1,150	1,110
Later than five years	401	401	885	885
	1,830	**1,787**	**3,069**	**2,961**
Other				
Not later than one year	1,656	1,655	1,547	1,545
Later than one year and not later than five years	331	331	477	477
	1,987	**1,986**	**2,024**	**2,022**

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		2022		2021
		£'000		**£'000**
Teachers' Pension Scheme: contributions paid		9,797		10,085
Local Government Pension Scheme:				
Contributions paid	4,778		5,172	
FRS 102 (28) charge	**9,060**		**5,750**	
Charge to the Statement of Comprehensive Income		13,838		10,922
Other schemes		355		314
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total pension cost for the year within staff costs		**23,990**		**21,321**

Contributions amounting to £1,688,616 (2021 £1,720,450) 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 2021-22 academic year.

A full copy of the valuation report and supporting documentation can be found on the

NOTES TO THE FINANCIAL STATEMENTS – continued

Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £9,797,000 (2021: £10,085,000).

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 2022 was £6,666,000 of which employers' contributions totalled £4,870,000 (2021: £5,152,000) and employees' contributions totalled £1,796,000 (2021: £1,879,000). 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 2022 by a qualified independent actuary.

	At 31 July 2022	At 31 July 2021
Future pensions increases	2.50%	2.55%
Rate of increase in salaries	2.00%	1.50%
Discount rate for scheme liabilities	3.57%	1.75%

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bonds yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular, AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly since 31 July 2022, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore while both gross defined benefit obligations and assets will have fallen, it is difficult to estimate the impact of these changes on the net balance sheet position.

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 2022	At 31 July 2021
	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.

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

	At 31 July 2022	At 31 July 2021
Equities	68%	70%
Bonds	15%	15%
Property	9%	7%
Cash	8%	8%
	100%	**100%**

The assets in the scheme (of which the College's share is estimated to be £276,065,000 at 31 July 2022 and £254,007,000 at 31 July 2021).

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

	2022	2021
	£'000	**£'000**
Fair value of plan assets	276,065	254,007
Present value of plan liabilities	(236,638)	(321,047)
Net pensions asset / (liability)	**39,427**	**(67,040)**
Comprising:		
Recognised in the Balance Sheet	16,974	(67,040)
Unrecognised	22,453	-
Net pensions asset / (liability)	**39,427**	**(67,040)**

The net pensions asset per the actuarial valuation report was £39,427,000 (2021: £67,040,000 liability). However, in line with FRS102 requirements regarding recognition of a defined benefit pension surplus, only £16,974,000 has been recognised.

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

	2022	2021
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	13,589	10,742
Past service cost	341	160
Total	**13,930**	**10,902**
Amounts included in interest income		
Net interest charge	1,251	997
	1,251	**997**
Amount recognised		
Employer contributions	(4,870)	(5,152)
FRS 102 (28) pension charge & pension finance costs	**10,311**	**6,747**

NOTES TO THE FINANCIAL STATEMENTS – continued

Amounts recognised in Other Comprehensive Income (OCI)

	2022	2021
	£'000	**£'000**
Return on pension plan assets	15,790	39,312
Experience losses arising on defined benefit obligations	(37,360)	-
Changes in assumptions underlying the present value of plan liabilities	115,895	(38,507)
Amount recognised in Other Comprehensive Income	**94,325**	**805**

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

	2022	2021
	£'000	**£'000**
Deficit in scheme at 1 August	(67,040)	(61,098)
Movement in year:		
Current service cost	(13,589)	(10,742)
Employer contributions	4,870	5,152
Past service cost	(341)	(160)
Net interest	(1,251)	(997)
Actuarial gain	94,325	805
Net defined benefit asset / (liability) at 31 July	**16,974**	**(67,040)**

Changes in the present value of defined benefit obligations

Asset and Liability Reconciliation

	2022	2021
	£'000	**£'000**
Defined benefit obligations at start of the year	321,047	270,032
Current Service cost	13,589	10,742
Interest cost	5,709	4,262
Contributions by Scheme participants	1,796	1,879
Changes in demographic and financial assumptions	(115,895)	38,507
Experience losses arising on defined benefit obligations	37,360	-
Estimated benefits paid	(4,856)	(4,535)
Past Service cost	341	160
Defined benefit obligations at end of the year	**259,091**	**321,047**

Changes in fair value of plan assets

	2020	2019
	£'000	**£'000**
Fair value of plan assets at start of the year	254,007	208,378
Interest on plan assets	4,458	4,728
Return on plan assets	15,790	(6,186)
Employer contributions	4,870	5,093
Contributions by Scheme participants	1,796	1,866
Benefits paid	(4,856)	(4,945)
Fair value of plan assets at end of the year	**276,065**	**208,934**

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 £1,873; 4 Governors (2021: £78; 1 Governor). 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 £1,299; 2 Co-optees (2021: £nil; no Co-optees). 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 £40,750; 8 Governors (2021: £34,398; 7 Governors). The total remuneration paid to Co-optees during the year was £19,228; 6 Co-optees (2021: £13,000; 6 Co-optees).

Manchester Education and Training Limited ("MET")

At the start of 2021/22, the Group was 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. However, during 2021/22, the Trustees and Members of Manchester Education and Training limited chose to wind-up the company and agreed to transfer all the company's remaining assets to LTE Group.

The Group was charged services of £nil (2021: £11,130), in respect of rent, depreciation of £nil (2021: £10,500) and a commercial mark-up £nil (2021: £630). At the year end, the Group had £nil (2031: £12,930) outstanding from MET and MET was owed £nil (2021: £300,822) by the Group.

Novus Cambria

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £484,381 (2021: £1,213,008). During the year the company paid a distribution of earnings of £239,323 (2021: £491,023) to LTE Group. During the year the company incurred expenses and made payments on behalf of LTE Group totalling £252 (2021: £49,108). At 31 July 2021 £194,016 (2021: £90,769) was owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 18).

Total People

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £448,830 (2021: £727,415) and took cash receipts on behalf of the company of £331,459 (2021: £68,033).

During the year the company incurred expenses and made payments on behalf of LTE Group totalling £43,623 (2021: £51,779). At 31 July 2022, £2,199,620 (2021: £2,755,745) was

NOTES TO THE FINANCIAL STATEMENTS – continued

owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 18). This includes an intercompany loan balance of £20,000 (2021: £630,000).

At 31 July 2022, £825k was owed by LTE Group to the company in relation to the integration of MOL and Total People and is included in Amounts owed to group undertakings (note 19). In the year ended 31 July 2021, in advance of the integration of MOL into Total People, LTE Group made a grant of £750,000 to assist the company in carrying out the delivery of training and education.

At 31 July 2022, £131,438 was owed by Total People Holdings Limited to the company (2021: £131,438)) and £13,372 was owed by The Total Apprenticeship Training Company Limited to the company (2021: £16,807).

LTE Professional Services

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £59,995 (2021: £44,889).

At 31 July 2022, £94,649 (2021: £134,654) was owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 18).

In 2022, the intercompany loan balance of £100,000 was settled in full, leaving a year end loan balance of £nil (2021: £100,000).

30. AMOUNTS DISBURSED AS AGENT

Learner support funds	2022	2022	2021	2021
	Group	**Corp**	**Group**	**Corp**
	£'000	**£'000**	**£'000**	**£'000**
Funding body grants – bursary support	3669	3,566	2,646	2,576
Funding body grants – discretionary learner support	2418	2,418	2,628	2,628
Other Funding body grants - free school meals	305	303	440	424
	6,392	**6,287**	**5,714**	**5,628**
Disbursed to students	(5,273)	(5,258)	(4,601)	(4,599)
Administration costs	(209)	(207)	(167)	(133)
Balance unspent as at 31 July, included in creditors	**910**	**822**	**946**	**896**

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: The new city centre campus opened in September 2022. The Fielden campus disposal, was completed in September 2022, followed by the disposal of Farmyard in October 2022.

In October 2022, following the disposal of the Fielden Campus, and as per the terms of the loan agreement, the LTE Group settled in full the remaining balance on its bridging loan facility with Manchester City Council.

In November 2022, LTE Group extended its parent guarantee in respect of Total People to January 2024.

Following the successful bid for HMPYOI Parc, in September 2022 the Group set-up a new limited company in respect of Novus Gower, a joint venture with Gower College (LTE Group controls 60% of the voting rights and Gower College 40% of the voting rights), and apparent company guarantee has been put in place. The contract is still in its mobilisation period with the contract due to commence on 15th December 2022.

Office for National Statistics reclassification of further education

Following a detailed review by the Office for National Statistics, an announcement was made on 29 November 2022 that, with immediate effect, English further education colleges, including the LTE Corporation, would be reclassified into the central government sector. Previously, further education had sat outside of the central government boundary.

The reclassification will result in a number of changes to the way that colleges' financial affairs are managed: specifically, colleges will be subject to the framework set out in HM Treasury's "Managing Public Money" (MPM). Key elements of the changes have been extracted from MPM by the Education and Skills Funding Agency (see https://tinyurl.com/Boundary-change).

The reclassification does not affect the numbers presented in these financial statements nor the going concern basis on which they have been prepared.

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.

Learning | Training | Employment