

Ealing, Hammersmith & West London College

Report and Financial Statements for the year ended 31 July 2014

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Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal status

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Ealing, Hammersmith & West London College. The College is an exempt charity for the purpose of the Charities Act 2011.

Our Learner First Commitment

Central to our approach is our commitment to putting the learner first.

What makes Ealing, Hammersmith and West London College different is that for us the Learner First Commitment is a reality: everything we do starts and ends with our learners, wherever or wherever they are.

No matter how challenging the circumstances, or how difficult the situation, we always make our decisions on the basis of their impact on learning and their value to the learner. Our aim is to ensure that learners can access the power of learning that gives currency, enriches their lives and increases their choices and chances of futures in an increasingly unstable world. We dedicate ourselves to creating learners who are reflective, confident and autonomous who become the first choice of employers, universities and other providers.

Our core values provide us with a framework through which we put this commitment into effect:

- We put learners at the heart of everything we do
- We believe diversity is an asset to learning
- We value and celebrate the pleasure of learning and support students and staff in meeting their potential
- We treat students and staff as individuals, listening, respecting and responding to their needs
- We provide a safe and inspiring environment in which to work and study
- We value our students beyond their time at the College and will, wherever possible, continue to support them for as long as they need us
- We value the importance of meeting the needs of employers, partners and our local community through responsive, innovative and high quality services

Activities

The College has redesigned its structure to focus on six curriculum faculties and one curriculum department, led by the Vice Principal, Curriculum & Student Success:

- Faculty of Business, Computing & Creative Technology
- Faculty of Lifelong Learning
- Faculty of Academic Studies
- Faculty of Service Industries
- Faculty of Community Services
- Faculty of Technology
- Department of LLDD & ALS

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Public Benefit

Ealing Hammersmith and West London College is an exempt charity under Part 3 of the Charities Act 2011 and from 1st September 2013 is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 10-12.

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

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

Financial Position and Resources

The results for the year ended 31 July 2014 show:

- an operating deficit after FRS17 adjustments of £ 5,790,000
- a year-end cash balance of £3,742,000
- revenue reserves after Pension deficit decreasing from £18,152,000 to £ 9,975,000
- additions to fixed assets of £ 1,091,000
- The total net book value of fixed assets is £ 76,690,000.

Income

The College's main income is from the Skills Funding Agency (SFA) and the Education Funding Agency (EFA) with a total £ 36,464K received from these organisations during the year. The College has continued to work hard to run courses which meet the wishes of both our main funders, reflecting its view of national priorities, and local needs, and to do so with improved results and increasing efficiency. We have been successful in doing so, but it is a constant challenge to balance the interests of our students (actual and prospective) with those of the funding agencies, while maintaining sound finances in the context of frequently-changing funding methodologies.

The Governing Body has set the College a long-term challenge of reducing its dependency on SFA and EFA funding by increasing the income we earn from other sources, both within the public sector and through commercial training for employers. Core funding for Adults and Young People accounts for 75 % of total income, fairly steady when compared to 76% in 12/13.

Liquidity

The Governing Body has set the College two liquidity targets: cash days (number of days expenditure represented by the cash balance) of 50 days and a current ratio (current assets divided by current liabilities) of 1.75. At 31 July 2014 these figures were 24 and 0.77 respectively, with the

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current ratio affected by the large amount of prepaid overseas fees carried forward in creditors. Sector benchmarks are 78 cash days and a current ratio of 1.5.

The College continues to monitor its cash position closely. As long as the College continues to achieve a close to break-even position at the operating level, we should continue to have an adequate cash balance. We are examining a long term solution to strengthen our cash reserves.

Our Estate

Now that the Capital Programmes from the funding bodies have been significantly reduced, the College has developed a revised Estates Strategy reflecting that future developments will largely be funded by the College's own resources, together with any renewal and other capital grants that become available from time to time.

The College continues to invest in a programme of smaller scale projects each year worth around £1m, especially where it is clear that increased resources will lead to improved enrolment, retention and, most importantly, achievement and employability. This commitment together with the College's increased investment in computer and other equipment is making an important contribution to improving the learning environment and maintaining the value of our physical assets.

Our Local Context

The College operates in an area of high socio-economic contrast: with over 1.6million residents, West London comprises large pockets of high social deprivation, alongside some areas of high prosperity. There are notable concentrations of unqualified and poorly qualified residents in some areas (e.g. parts of Brent, Hounslow and Hillingdon which are on the boundary of the College's two local boroughs) and across some ethnic groups (Bangladeshi, Black Caribbean, and Irish) which relate to patterns of social exclusion and deprivation.

With 338,000 residents, the London Borough of Ealing is the third most populous borough in London. Ealing is the fourth most diverse borough in the UK with more than 100 languages spoken. 51% of residents are from an ethnic minority, compared to 14% nationally, and 41% across London. About 29% of the minority ethnic community describe themselves as Asian. Within this, the largest minority group is of Indian origin, which accounts for 14% of the Borough's total population. 14% of Ealing residents live with a long term illness, health problem or disability, which limits their daily activities or the work they can do. Predictions show Ealing will experience a steady population growth over the next twenty years; during this time the number of residents aged 85 and over will more than double.

Hammersmith and Fulham is the smallest West London borough, home to a population of 182,500. The Borough has some of the highest average house prices within London, but on the other hand is ranked as the 13th most deprived local authority in the country and there are significant pockets of deprivation largely concentrated on the larger social housing estates, such as the White City area. The numbers of young adults (ages 25-39) is particularly high compared to the national average. The proportion of people from different ethnic minority groups is higher in Hammersmith and Fulham than both the London and national averages, including one of the largest Irish populations in the country. The Borough occupies a favourable location on the fringes of central London and is attractive to a variety of businesses. It has enjoyed significant growth in employment and economic activity over the last three decades with the central Hammersmith area becoming an important sub-regional location for offices. Several large scale redevelopment projects (e.g. at Earl's Court/West Kensington, White City) are planned and the borough is projected to see amongst the largest population and employment growth in London over the next 20 years.

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Our Learners

In 2013/14 the College enrolled 28,307 (12/13: 26,407) students, of which more than three quarters (82.9%) were 19 or over. Of the 5,492 full time students, 52.7% were aged 16-18. 26.2% of students were from backgrounds formally designated as “disadvantaged” and 80% of students were of non-white British heritage, with over 100 nationalities and around 70 different languages represented.

Our students followed courses in all of the 15 Skills Funding Agency subject sector areas in 2013/14. The largest provision, 48% of enrolments, was in the areas of Preparation for Life and Work (which includes ESOL). The areas of Business, Administration Law and Retail and Commercial Enterprise were next largest with 10% and 9% of total enrolments. The College remains one of the largest providers of ESOL in the UK. The majority of learners studied qualifications at Level 2 or below (equivalent to 5 GCSEs at grade A* to C), 57% of enrolments were at Entry or Level 1 and 26% of enrolments were at Level 2.

The College’s International Centre is a market leader for global recruitment to the UK FE sector. The International Centre underwent a full UKBA compliance inspection in June 2014 and was deemed to be compliant on all procedures and offering a sector standard service. The Centre maintained Highly Trusted licence recognising its standards of recruitment, attendance and retention of overseas students. The licence is granted with enhanced status of holding a premium service relationship with the Home Office and the ability to recruit both children and adults. The College has further developed its offer in South America, Thailand and Vietnam and has well established relationships with intermediaries in over 30 countries. Parallel to this service has been the modifications to the College’s existing portfolio of courses. The International Centre has been successful in providing well regarded academic, winter and summer programmes for European and overseas markets.

Principal Risks and Uncertainties

The College’s Risk Management Policy was adopted for the first time in 2002/3 and has since then operated through a Risk Management Group comprising governors and senior managers. The Group developed a comprehensive Risk Register, which is reviewed on a termly basis. The financial implications for these and other risks in the Risk Register are explored in the sensitivity analysis within the Financial Forecasts. In summer 2009, the Governing Body decided that Risk Management would be better overseen by its Audit Committee, which is better placed to take a wider view. The Committee formally reviews the Risk Register at each of its termly meetings.

The principal risks faced by the College are in the areas of:

Funding – meeting student number targets, particularly in priority areas and responding to changes in Government policy. These risks are mitigated through regular review by management and governors of the College’s student numbers and targets, with curriculum interventions made where there is a likely shortfall in enrolments.

Competition – ensuring we compete effectively with other providers, particularly in respect of commercial and contestable work. The College has reviewed its employer and partner engagement model during the year and is preparing a revised strategy.

Quality – the need to build on existing achievement and success rates and to deliver continual improvement in students’ results. Success rates and achievement are reviewed continually by management and interventions made if it is clear that learners need additional support.

Cash-flow – the College’s cash and liquid investments reduced from £5,265,000 to £3,742,000 during the year. Cash is rigorously monitored and the College is in discussions with the bank regarding an overdraft facility to protect itself against unforeseen cash requirements.

Working with others

Ealing, Hammersmith & West London College works with many others to achieve our goals. These include:

- students
- funding bodies, particularly the Education Funding Agency and the Skills Funding Agency
- local authorities
- other arms of national and London government
- employers
- local schools
- local voluntary and community bodies
- other colleges, both individually and through their representative bodies
- professional bodies and other education experts
- trade unions

These relationships are important to us and we work continually to improve them.

Equal opportunities

The College operates under the ethical framework and principle of 'Learner First' and seeks to reflect this in all aspects of its strategy and work. We are committed to our College values and uphold and promote equality of opportunity for all.

We welcome our duties under the Equality Act 2010 to treat everyone equally and fairly, advance equality of opportunity and foster good relations with regards to protected groups which are age, gender, marital status/civil partnership, transgender, sexual orientation, race, colour, nationality, ethnic origin, national origin, pregnancy/maternity, religion/belief, or disability.

Our guiding commitments/principles aim to ensure that all our services, courses and programmes and working practices are available without discrimination, harassment or victimisation.

We aim to share our successes with others celebrating learner achievement and our diversity.

The College reviews its equality policies on a regular basis and in accordance with legislative developments and good practice. As part of a review, the College seeks to engage stakeholders, including recognised trade unions and appropriate equality bodies.

We aim to ensure that all protected groups of learners and staff have a voice.

Annually the College will publish sufficient information to demonstrate its compliance with the general equality duty and the effect that College policies and practices have had on people who share a relevant protected characteristic.

The College formulates and publishes specific and measurable objectives, based on the evidence we have collected and published. The objectives take into account national and local priorities as appropriate.

We keep our equality objectives under review and report annually progress towards achieving them.

Corporate Governance

I am very grateful to all those who have served and continue to serve on the Board for their dedication and hard work. I would like to thank also the many others who have supported the College through our construction employers' advisory group, as visiting lectures, by offering work placements, and in many other ways: this support is enormously valuable to us.

Staff

Our staff are vital to our success, and I want to pay tribute to them all - managers, lecturers and support staff - across all four main campuses and those 'off-site', who have worked so effectively to make the College the success that it is today.

We work hard to maintain staffing at relatively stable levels, and to re-deploy staff whose posts are under threat of redundancy.

Disability Statement

We are committed to ensuring that all our learners are given every opportunity to succeed on their course. Providing the appropriate support to enable learners or potential learners with a disability and/or learning difficulty to have the same chance as all other learners to successfully complete their studies.

The College seeks to achieve this through the requirements set out in the Equality Act 2010 Part 6, Education provisions.

To achieve this, the College:

- Provides impartial, accurate and timely information to help learners make an informed decision about their course
- Recognises that everyone is an individual, and will work with learners to identify barriers to studying and make reasonable adjustments to remove them
- Provides the opportunity to access additional learning support should it be required
- Is committed to ensuring that no student is disadvantaged in their programme of study by disability and/or learning difficulty
- Is committed to the development and improvement of buildings, facilities and equipment
- Is committed to the development of skills, knowledge and understanding of staff to meet the needs of students with a disability and/or learning difficulty.

In addition:

- A programme of work to improve access is identified through our annual Access Audit
- We have a range of specialist equipment, lighting and audio facilities to support students for their individual use and also at our Additional Learning Support & Learning Centres. We purchase other specialist equipment when this is required
- An Admissions policy for all students is described in the College's Disability Statement. Appeals against a decision not to offer a place are dealt with under the complaints policy
- A number of Learner Support Assistants are in place who provide support for learning
- A programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities; and in response to departmental requests is provided
- Supported Learning programmes are set out in College's Annual Prospectus
- Achievements and destinations are recorded and published

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- Counselling and welfare services that are described at Student Induction and through Learner Services literature that is widely available.

This statement should also be read in conjunction with the College's Single Equality Scheme that sets out our duties and the actions/objectives we have agreed to advance equal opportunities, to eliminate discrimination for current and potential students meeting our obligations under Equality Legislation. Other documents to read include our Disability Statement and the Equal Opportunities Policy.

Auditors

Baker Tilly Audit Limited (formerly RSM Tenon Audit Limited) ceased trading on 31 March 2014. The Board, having been notified of the cessation of trade of Baker Tilly Audit Limited, appointed Baker Tilly UK Audit LLP as auditor on 1 April 2014 to fill the casual vacancy. In accordance with the Companies Act 2006 a resolution proposing the appointment of Baker Tilly UK Audit LLP as auditor will be put to members.

The audit report of the financial statements has been issued by Baker Tilly UK Audit LLP.

Disclosure of information to auditors

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

Approved by order of the members of the Governing Body on 18th December 2014 and signed on its behalf by:



Tony Alderman
Chair of the Governing Body

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Operating and financial review continued

Professional advisers

Financial statement and regularity auditors:

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