LTE group®

Learning | Training | Employment

FINANCIAL STATEMENTS

31 JULY 2024

The Manchester College be amazing | MOL LEARN DEVELOP EXCEL | NOVUS FOUNDATIONS FOR CHANGE | NOVUS CAMBRIA | NOVUS GŴYR NOVUS GOWER | NOVUS TRANSFORMING LIVES | TOTAL PEOPLE LEADERS IN LEARNING | UCEN MANCHESTER FIND YOUR FUTURE | Group Professional Services

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 2023/24:

John Thornhill
CEO/Accounting Officer

Alison Close
Chief Finance Officer and Deputy CEO (Deputy CEO from 2 April 2024)

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

Rachel Curry
Principal, The Manchester College & UCEN Manchester and Deputy CEO

Angela Hunter
MD Group Operations (until 30 April 2024)

Lorna Lloyd-Williams
Company Secretary and General Counsel

Melanie Nicholson
Managing Director Total People Limited / MOL and the Group Quality Lead

Board of Governors

A full list of Governors is given on page 56 of these financial statements.

During 2023/24, the Board of Governors was supported by a cohort of Co-Optees, who were appointed to enhance the Board's knowledge, expertise and range of skills on key projects. A full list of Co-Optees is given on page 57 of these financial statements.

Mrs Lorna Lloyd-Williams acted as Clerk to the Board of Governors throughout the year.

Registered office:

Openshaw Campus
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

Stone King LLP
11 York Street
Manchester
M2 2AW

Bankers:

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

Contents

Strategic report

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2024.

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.

On the 29 November 2022, the Office for National Statistics (ONS) reclassified colleges into the central government sector. This decision encompasses providers that operate within the statutory further education sector as defined under section 91(3) of the Further and Higher Education Act 1992, and therefore is applicable to LTE Group. Related subsidiaries of LTE Group are also covered by the requirements and processes.

Following the ONS reclassification of the Group to the government sector, the Group continues to be a self-governing charity regulated by the Secretary of State for Education. However, the Group is now subject to the framework for financial management set out in Managing Public Money (MPM).

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) including MOL (blended distance learning) and LTE Group Professional Services.

LTE Group includes:

- Total People Holdings Limited ("Total People"), an independent training provider, which was acquired on 31 July 2015, and, following the integration of this business on 1 November 2021, also includes MOL;
- Novus Cambria, a joint venture with Coleg Cambria, which was incorporated on 29 September 2016;
- 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 Limited ("Novus Gower"), a joint venture with Gower College, which was incorporated on 6 July 2022; and,
- Novus - Transforming Lives Limited ("Novus Transforming Lives"), a provider of prison education, which was incorporated on 24 November 2022.

For the purposes of these financial statements, the results of the parent undertaking – i.e. excluding subsidiaries Total People and Novus Cambria, Novus Gower, Novus Transforming Lives and LTE Professional Services – 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 (TMC) 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 12th 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	2022/23	2023/24	2023/24 budget
Adjusted current ratio*	1.56	1.60	1.71
EBITDA as % to income – education specific	8.25%	7.74%	7.65%
Borrowing as % to income	29.05%	28.98%	27.56%
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	2023/24	
	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	£36,744,820	£35,964,275
Adult Education Budget (Incl. ALS, DLSF) – note 2	£20,238,103	£18,977,086
Total People - Non-Levy Apprenticeships – note 3	£4,178,550	£134,290
Total People - Apprenticeships Carry-In	£34,592	£49,600
Total People - 16-19 Education	£889,413	£1,128,886

1. The full contract for ESFA 16-19 grants is £46m. This comprises the programme funding as above and also includes high needs, additional targeted grants (Teachers' Pension Scheme, 16-19 Tuition Fund and Capacity and Delivery) and learner support funding. 16-18 Classroom Learning – There was a 101% achievement of the ESFA learner number target and a 102% achievement of the programme-funding target.
2. The full contract for Adult recurrent grants is £19m. The contract performance includes 'Adult Discretionary Learner Support Funding, Additional Learning Support, Greater Manchester Local Level 3 and Free Courses For Jobs Funding'. 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 107% achievement of the Adult Education Budget (including Discretionary Learner Support) allocation. The GMCA contract achieved 108% of contract value, and there was 111% achievement against the non-devolved AEB allocation from the ESFA.

3. The Apprenticeships contract allocation of £134k is for non-levy apprenticeship starts and non-levy apprenticeship carry in only, whilst the actual performance of £4,179k also includes levy apprenticeships. Levy apprenticeships are contracted with individual employers and not through a direct ESFA contract allocation.

In addition to the contracts listed in the table above, LTE Group and subsidiaries operated a number of contracts in relation to the education of offenders in prison across England and Wales, with a market share of c55%. The largest of these contracts is the Prison Education Framework (PEF) which has a contract year of April to March. Novus successfully negotiated a 2-year extension to the contract in January 2023 and subsequently a further 6 + 6-month extension was agreed on 11 December 2024. The contract extension is for a minimum period of 6 months commencing 1 April 2025, with the second 6-month extension period at the discretion of the MOJ. The extension periods operate under a refreshed post-Covid payment mechanism based on delivery and performance. For the contract year ending 31 March 2024, ADP (Annual Delivery Plan) compliance of 99% was achieved against a contractual target of 95%.

The Group also achieved strong performance in the delivery of private and public sector non-PEF contracts. We have continued to deliver very strong performance through our joint venture partnerships in North and South Wales where Novus Cambria exceeded all contractual KPIs for the contract year 2023-24 and there were in-year significant improvement for Novus Gower with all KPIs achieved in July 2024.

The Apprenticeships contract allocation of £134k is for non-levy apprenticeship starts and non-levy apprenticeship carry in only, whilst the actual performance of £4,179k also includes levy apprenticeships. Levy apprenticeships are contracted with individual employers and not through a direct ESFA contract allocation.

Success Rates Table

Division / Subsidiary	Age	Level	Education and Training - Overall Achievement (Success) Rate		
			2021/22	2022/23	2023/24
The Manchester College – note 1	16-18	All Levels	90.5%	87.9%	89.5%
The Manchester College – note 1	19+	All Levels	92.2%	90.9%	91.3%
The Manchester College – note 1	All Ages	All Levels	91.3%	89.5%	90.5%
UCEN – note 1	All	All	89.6%	87.3%	87.4%
Novus (Youth) – note 2	15-18	Prison Education	88%	93%	90%
Novus (Adult) – note 2	18+	Prison Education	96%	96%	95%
MOL - CIPD	All	All	91%	92%	93%
MOL - CMI	All	All	100%	100%	97%
Total People - EPA pass rates	All	All	95%	97%	96%
Total People – Apps High	All	All	-	30%	51%

1. For the TMC and UCEN Manchester data, 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. On the same basis as last year the college is expected to remain in the top 10% nationally and be ahead of the national rates for success rates and achievements.

2. In 2023/24 Novus has delivered strong success rates for learners while prison regimes have continued to recover post-Covid whilst managing prison population challenges.

The above table includes all classroom-based provision.

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 56.

On the 29 November 2022, the Office for National Statistics (ONS) reclassified colleges into the central government sector. This decision encompasses providers that operate within the statutory further education sector as defined under section 91(3) of the Further and Higher Education Act 1992, and therefore is applicable to LTE Group. Related subsidiaries of LTE Group are also covered by the requirements and processes.

Following the ONS reclassification of the Group to the government sector, the Group continues to be a self-governing charity regulated by the Secretary of State for Education. However, the Group is now subject to the framework for financial management set out in Managing Public Money (MPM).

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:

- Delivering strategic impact and outcomes for Government, communities, and employers, widening participation, and tackling social exclusion,
- Delivering good / outstanding student outcomes, teaching and learning, student experience and destinations,
- Working with stakeholders, implementation of the Greater Manchester Local Skills Improvement Plan, to ensure we contribute to the skills and community needs of Manchester, ensuring our provision is relevant and supports learners to gain the skills needed to secure good jobs and progress,
- Strong student support systems,
- Links with employers, industry and commerce with excellent employment record for students,
- Links with Local Enterprise Partnerships (LEPs), especially in Lancashire, Cheshire and Merseyside,
- Reducing re-offending and increasing rehabilitation of offenders, whilst making a positive contribution to secure and stable prison operations during capacity challenges,
- Strong ongoing Gross Value Add (GVA) impact and support for inclusive growth,
- Significant investment in educational facilities for mandatory public education in Manchester,
- Supporting the government economic growth agenda and the five missions by delivering increased numbers of qualified apprentices in key industry sectors,
- Contribute to the retention, attraction and development of senior professionals for major employers in the UK and globally.

Stakeholder Relationships

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

- Employers, SME, UK Corporates and Global,
- 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),
- Colleagues 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),
- External funding partners,
- Strategic partnerships including joint venture arrangements, Local councils and Devolved Government.

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

Mission

The Strategic Vision for the Group:

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

INTEGRITY
honest, open and trustworthy

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

'CAN DO'
positive, inclusive, flexible and proactive

ALWAYS IMPROVING
forward thinking, innovating and taking ownership

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

Strategic Plan

The strategy for 2024-2028 approved by the Group Board in July 2023 has established a set of new key strategic themes informed by both regional and national policy e.g. FE White Paper and Prison Education reform with all our organisations predicting a significant level of change in the near term 1-2 years and 3 years+, not least as reform will disrupt the sectors we operate within.

Whilst many of the new Labour government manifesto commitments are accounted for in the strategy, there will be an ongoing set of policy shifts post CSR and budget to build in. The forward plan has a significant number of moving parts including, the outcome of the Prison Education Service (PES) Tender and / or the possibility of an extension to the existing Prison Education Framework contract, and / or potentially the re-procurement of PES; there are capacity challenges in TMC to solve for, to be part mitigated by additional summer works in July and August 2024 to create additional spaces and a change in estates strategy to retain our Nicholls campus for longer; whilst the apprenticeship market remains challenging, with the impact of the new Labour government and its skills and devolution policies not yet known in full, along with its plans for the justice sector including prisons and probation.

Strategically we can see opportunities and impact for all our organisation with demand accelerating for skills and talent and growing employer, learner, economic and societal need. Our own demand is growing, UCEN applications are up, TMC enrolments are rising and our Bid Pipeline remains healthy and strong, with high quality contracts renewed and new contracts secured in year.

Our new strategic plan has been developed around 8 core themes, sectors, customers, economic impact, environmental impact, quality & product, talent, target operating model, finance, and investment. The plan 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 to reduce income risk,
- 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 (given sustained multi-year population growth in 16-18 and school leavers). A key opportunity and challenge going forward is the rapidly rising population of school leavers which grows exponentially to 2030 in Manchester,
- Consistently good / outstanding 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 sectors we serve.

Each of the Group's Business Units has developed a strategic plan to support and inform the development of the Group's strategic plan. The Group is now focused on developing functional strategies linked to the Strategic Plan including more digitisation and automation to reduce central overhead and improve organisational effectiveness. The Group has four different large scale pilots of AI based technologies underway.

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 over a decade (12 years including the expected grade for 2024) 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 continue 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 2028 are to:

Key Strategy Priorities

- Delivering strategic impact and outcomes for Government, communities, and employers,
- Deliver good / outstanding student outcomes, teaching and learning, student experience and destinations, upper quartile performance against all key educational measures,
- Further align our strategy with the Local Skills Improvement plan, needs of employers and the growing sectors of the economy,
- Support all of our learners and apprentices to secure good jobs, develop careers and progress to higher level skills,
- Develop further the quality and breadth of our offer to meet changing economic and social need,
- 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, equipment etc.).

Underpinned by enabling strategies:

- Strategic curriculum review,
- Successful implementation of reform requirements,
- TMC to UCEN progression strategy,
- Completion of the estate's strategy (Phase 2) and delivery of the associated benefits,
- Risks of apprenticeship model mitigated, along with securing the opportunity to offer higher level apprenticeships elsewhere in the group linked to capacity review,
- Investing in our people, through pay and flexible rewards,
- The development of an end-to-end teacher recruitment, retention and training academy,
- More digitisation and automation to reduce central overhead and improve organisational effectiveness,
- Increasingly harnessing the power of artificial intelligence,
- The development of a more holistic approach to Equality, Diversity and Inclusion. People to procurement, systems to suppliers, communications to contracts.

Specific Objectives

- To enhance our support for employers and the economy by developing the talent of the future, apprenticeships and professional qualifications,
- 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 IEA strategies, developing clear pathways to occupations, aligned to policy, regional and national skills priorities and learner need,
- To ensure that TMC provision is delivered in the highest quality facilities for Technical and Professional Education,
- To position TMC as the regional and national lead for Technical and Professional Education through stakeholder partnerships,
- To position UCEN Manchester as the regional lead for Level 4 & 5 Technical Education Strategy within GM,
- To deliver Degree Awarding Powers and TEF GOLD for UCEN Manchester,
- To embed new products in TP/MOL aligned to employer demand and local/regional/ national skills plans, with a focus on level 3 and higher, national levy and a smaller defined SME sector offer,
- To further extend our offer in MOL to new industry sectors and geography and to grow our proportion of digital only delivery,
- Using the power of Artificial Intelligence to enhance our offer for employers at home and abroad,
- To deliver an effective people strategy, including a competitive and attractive total reward package. Supporting engagement and greater support for well being,
- 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, and
- 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 and funding challenges.

Current and future development and performance

Financial health

Whilst the 2023/24 financial year has continued to bring significant challenges for the education and skills sector, the Group reports a surplus in the year (excluding the minority interest shares in Novus Cambria and Novus Gower) of £6.4m, which is £1.3m higher than the prior year results (2023: £5.1m surplus) and is £4.8m better than the budgeted surplus of £1.6m. £2.8m of this positive variance to budget is due to a £0.7m FRS 102 pension credit compared to £2.0m budgeted pension charge and costs. The budgeted charge was based on the 2022/23 charge of £1.5m. The benefit was due to a combined effect of an increase in the discount rate from 5.08% to 5.10% in 2023/24 and the decrease in CPI from 2.80% to 2.55%.

LTE Group financial health grading with the ESFA is Good, which is considered an acceptable outcome and maintains a 12th year of a good rating with the key funding agency. Group banking facilities in support of this grading show a positive cash balance of £30.5m (2023: £26.9m) at year end and total debt (including finance leases) owing of £52.5m (2023: £49.2m). There have been no significant events that have adversely affected financial health, for example notices of concern.

NOVUS
FOUNDATIONS FOR CHANGE ®

During 2023/24 Novus continued to successfully implement our five-year strategic plan. The key objectives of the new plan include ongoing quality improvement, diversification of delivery with new customers and geographies and development of our workforce.

As a result Novus has continued to build on its position as the largest and most successful provider of offender learning in the UK. New developments and deployment of AI based technologies are now supporting several new long term multi year contracts.

A range of Consumer Price Index (CPI) based contracts and strong employee engagement have helped to ensure positive industrial relations and enabled the award of better than average pay rises in-year, this has resulted in a significant reduction in number of vacancies and a 10% reduction staff turnover. In addition, we have secured agreement with our Trade Union partners to enhance terms and conditions across the workforce to enable us to further improve colleague attraction and retention.

Following the change in legislation in September 2022, Novus has been at the vanguard of apprenticeship development in custody with learners commencing programmes in October 2022.

Novus supported the first ever custodial apprenticeship with Greene King. The learner completed their apprenticeship after release and has now successfully progressed in their career to Kitchen Manager with Greene King. We are continuing to build and develop this pathway for learners with increasing numbers of learners beginning apprenticeships whilst in custody.

Novus Works, our dedicated team continues to deliver outstanding outcomes for learners, with key employer partnerships playing a vital role in transforming lives through sustainable employment after release.

In 2023/24, Novus Works successfully supported nearly 1,000 of our learners to progress into employment, education, and training opportunities upon release from custody. We have strengthened our partnerships with leading employers, including Greene King, Marston's, Kier Construction, The Right Course, Balfour Beatty, and Mott MacDonald.

At the same time as launching the new contract at HMP Berwyn, we also launched the Novus Cambria Wellbeing Hub within the prison. This large-scale development project now offers industry-standard catering and barbering facilities and was achieved thanks to our collaboration with the prison and HMPPS Wales, along with the support of Fred Sirieix's charity The Right Course. The industry standard experience gives learners real-life experience, that is directly transferable on release, helping to directly support rehabilitation and reduce reoffending.

During 2023/24 Novus continued its collaborative work with the Ministry of Justice (MoJ) and HMPPS to support the post-Covid recovery.

Novus self-assesses its quality through a variety of internal metrics; the most significant being the Self-Assessment Report (SAR) grade. In 2023/24 Novus has continued to achieve an improvement in its quality profile with 67% of provision rated Good or better, a year-on-year improvement of 6%. For the PEF contracts, 74% of provision is now rated as Good or better.

Our creative enrichment team worked with a wide range of partners across Novus establishments, bringing education to life across all subject areas. A standout project from the year was 'We Roar', a muti-prison, international project, bringing together art from prisons in the USA and UK, in collaboration with Faye Claridge and the University of Michigan, showcasing the amazing artistic talent in prisons.

The Novus digital team has continued to innovate across the year. Along with piloting and rolling out AI for lesson planning with TeacherMatic, the digital team also launched online exams and worked with City & Guilds to ensure that learners can now access their qualifications with Digital Badges, both of which are firsts within a prison setting.

Novus has been shortlisted for the extremely prestigious Learning Technologies Awards in the "Best learning technologies project – public & non-profit sector" category for their use of AI.

The other companies shortlisted include national and international companies, including the likes of Starbucks, Sky, Cambridge University and The London Stock Exchange.

The Manchester College
be amazing

In 2023/24, the College delivered activity that has generated £54.1m [Education and Skills Funding Agency (ESFA) and Greater Manchester Combined Authority (GMCA) Funding Contracts] in funding body main allocation funding (2022/23: £48.2m). The College delivered approximately 39,759 (2022/23: 40,235) funded qualifications and approximately 3,517 (2022/23: 3,170) full cost recovery qualifications.

Students continue to prosper at the College, overall achievement rates are again well ahead of the national rates and the College performs in the top 10% of organisations nationally. Students continue to make good progress with 66% of students achieving high grades at Level 3.

The College has self-assessed itself as 'Good' and continues to provide high quality provision across all age groups and awaits an Ofsted inspection in the year ahead.

The College and UCEN Manchester continues to offer a broad further and higher education curriculum, which both supports the local communities and meets the Greater Manchester skills priorities; from Entry Level courses through to Higher Education degrees. Our strategy to focus on technical and professional qualifications aligned to the needs of Place has seen the development of a new suite of Higher Technical Qualifications and the continued recruitment to existing and T Level occupational routes and T Level foundation programmes in 2023/24, despite the national challenges faced by other providers in recruitment to this provision.

Throughout 2023/24, curriculum teams have introduced new courses to accommodate employer demand and in response to funding changes due to the removal of qualifications. The second cohort of T Level students to complete the qualification has again been successful with strong pass rates (91.1%) and high-grade achievement (78%), both exceeding national averages.

The College continues to be at the forefront of these qualifications and is recognised for its ambition and good practice across the country.

There is an increasingly broad range of work placements aligned to local, regional and national needs and learners benefit from these opportunities across all levels. 90.5% of learners progressed to a positive destination following the completion of their course in 2024.

The revised English and maths progress-based strategy is starting to impact particularly in English where high grade achievement (19.6%) is slightly above the national average (19.3%) and 76% of learners make positive progress compared to their starting point. Further revisions to the delivery model and greater focus within maths will continue to improve the progress made by students on English and maths provision in 2024/25.

Enrolment and student numbers are positive. Population growth continues to fuel demand, and this coupled with great new facilities, a very strong offer and good quality means that in many sector areas, including those identified as GM priorities, demand for places in high. During 2023/24 this saw the College experience a 150% YOY increase in the number of first choice applications for a place to study with us.

Phase 2 of the Estates strategy has now commenced and will substantially extend our City Campus Manchester boosted by a significant £39m investment that has been enabled through a capital grant and loan funding from the DfE. The extension of the City Campus Manchester is ahead of programme and on budget and set to receive learners from 2025/26. However, despite this extension, due to population growth in Greater Manchester and a lack of further capital funding from the DfE, there will be significant challenges around capacity in 2025/26 and beyond without Government investment in capital to provide accommodation for the additional student numbers.

A significant reform agenda on local skills planning, accountability, qualifications and more has been well supported in-year and will continue to inform future curriculum strategies in line with the further roll out of Level 2 and Level 3 curriculum reform. The College accountability statement demonstrates its contribution to the skills needs articulated in the Local Skills Improvement Plan (LSIP).

In-year, the LTE Group strongly lobbied for additional funding at both national and regional levels. Historically there has been no cost-of-living increase applied to the devolved Adult Education Budget, which has reduced the College's ability to award pay rises at the level needed given that this area is a third of College income. In response, for 2023/24 an inflationary uplift has been applied by GMCA to funding rates and tolerance levels increased. This enabled us to provide a 7% pay increase to staff for 2023/24, however, this will be challenging to match in future negotiations as there will be no embedded rate changes for 2024/25. Efficiency programmes and reductions in some areas have helped but going forward funding increases from government and the GMCA will be needed to fund pay increases and to bridge the widening pay gap between teachers in schools and teachers in further education. The pressures faced by the College and UCEN Manchester will continue to put pressure on the recruitment and retention of staff. This is particularly challenging when trying to ensure that industry professionals are employed to deliver our curriculums.

To help improve staff wellbeing the College and UCEN Manchester invited teaching staff to participate in task and finish groups aimed at improving workload through enhanced processes and has also introduced an AI tool to assist teachers with preparation and delivery of courses. This was supported with the continuation of a range of wellbeing initiatives including wellbeing days and the introduction of free breakfasts for staff. A wellbeing staff pulse survey was undertaken for the first time in November 2023, supplemented by wellbeing questions asked in the final survey of the year. Teachers are also asked in professional discussions whether leaders and managers supported them with their well-being at work – 84% responded positively.

UCEN MANCHESTER
FIND YOUR FUTURE

In January 2018, the Group launched a new and unique Higher Education offer - UCEN Manchester - which has continued to hold its position in an increasingly competitive market. UCEN Manchester has established itself as a strong alternative offer to university and is the largest provider of college-based higher education (HE) in GM. We have continued to add new programmes following a comprehensive portfolio review to inform its Curriculum Strategy 2022-27. During 2023/24 we commenced a comprehensive mid-point review of our current strategy to judge whether it remains appropriate and meets the needs of our students. This included undertaking significant primary research, data analysis and scenario testing, and the outcome of this review will inform strategic planning during 2024/25.

Throughout 2023/24 UCEN Manchester has continued to offer an expanded range of Higher Technical Qualifications (HTQs) to increase and improve Level 4 and 5 provision. This has been facilitated through the development of the Faculty of Higher Technical and Professional Industries, and strong progress has been made on developing five new Schools to deliver our Higher Technical Education programmes. This provision is focused on preparing students for careers rather than just courses and ensuring future employability and will be further supported by the development of part-time and modular courses to meet the skills need identified by the Greater Manchester Local Skills Improvement Plan (LSIP).

Alongside this UCEN Manchester has continued to expand its offer in the Faculty of Creative Arts and Media Industries in its new state-of-the-art City Campus Manchester. This includes Schools which have developed national reputations, notably The Manchester Film School and The Arden School of Theatre, and which continue to attract students from across the UK. During the year the Arden achieved the prestigious accreditation with the CDMT, the Council for Dance Drama and Musical Theatre, which underscores the high quality of training delivered. These Schools are at the forefront of the ongoing work to secure a successful application for Degree Awarding Powers (DAPs) which was submitted to the Office for Students (OFS) in February 2023. The OfS are now in the process of considering our application and an assessment visit is scheduled for October 2024. Once approved the ability to award our own degrees will have a significant impact on our offer and position UCEN Manchester as a major presence within the higher education environment.

Student pathways and progression from The Manchester College to UCEN Manchester are more formalised and a significant range of activities have been put in place to highlight progression pathways. Further strong work between the college and UCEN has resulted in a 39% increase in internal acceptances for September 2024.

UCEN Manchester applied to be part of the Teaching Excellence Framework (TEF) during 2022/23, with the outcome announced in autumn 2023. We were pleased to retain our Silver status overall under the new framework and feel this is an accurate reflection of quality of provision within UCEN Manchester. The overall grade is made up of two aspects, the student academic experience which was judged to be "typically very high quality" and student outcomes which were judged to be "typically of high quality", with "some very high quality features". Our National Student Survey (NSS) results are comparable to, or better, than many universities, and during 2023/24 we saw improvements across all themes, securing a 89% satisfaction score for "the teaching on my course", the highest we have ever achieved.

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 comprehensive support to our students, both face-to-face in our new Future U Hub in City Campus Manchester and on-line to allow all students to engage. During 2023/24 Future U placed a significant focus on student mental health and wellbeing, resulting in 83% of our students stating that information about our mental wellbeing support services was well communicated in the NSS outcomes.

A combination of high growth in costs fuelled by inflation coupled with flat funding for apprenticeships, with no mainstream CPI increase across apprenticeships for 8 years has meant significant challenges for most apprentice training providers. The company experienced staff retention and recruitment issues, including specialist staff shortages due to the cost of living, pay pressure and a buoyant labour market. This also affected learner start volumes due to employers dealing with the same inflationary and capacity issues. 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.

Despite these challenges, learners making expected progress is very strong at 92% with EPA pass rates at 96% and learners achieving High Grades at 51%. Learner and employer satisfaction remains high at 83% for apprentices, 91% for 16-19 Study Programmes, 94% for adults and 82% for employers. ESFA learner and employer satisfaction is also rated as "Good".

A full Ofsted inspection of Total People took place early in September 2024 where Total People received a grade "GOOD" across all of the provision types. Apprenticeships, 16-19 Study Programme, High Needs and Adults. This is as a direct result of the robust strategic plan and the strong quality profiles across all of the provision types.

In 2023/24, Total People worked with approximately 2,424 learners. This included approximately 363 16-to-18-year-old apprentices, 1,291 19-year-old + apprentices, 125 16-to-18-year-old Study Programme learners and 645 adult learners.

Total People responded rapidly and robustly to the challenges it has faced, considering a range of strategic options in relation to its Apprenticeship business. As a result, the business exited a number of unviable apprenticeship sectors in FY24 (Custodial & Detention Officer, Adult Care, Dental, Hair, Pharmacy & Electrical) along with undertaking a large restructure, resulting in a staff reduction in line with the reduced offer and learner volumes. These restructures will see a full year cost saving of over £900k in 2024/25. This strategic move has enabled Total People to focus on key sectors that are financially sustainable, delivered to a good quality standard whilst aligning to local, regional and national employer needs. Further, the company took the strategic decision to downsize their premises footprint and exit large, high lease premises and obtain smaller premises, which will see a full year cost saving of over £200k in 2024/25.

Total People were awarded a new adult contract August 2023 by GMCA and programme delivery is focused on unemployed adults. Study Programme contracts performed well. This is a growth area for the business and because of in year performance, Total People received £244,160 contact growth for 2023/24. There was also 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.

In year, significant progress was made in reducing Apprenticeship "out of funded" volumes, with a 93% reduction (excluding learners in Gateway) compared to January 2023.

Throughout 2023/24 there was continued investment in the Total People workforce to tackle and settle the attrition issues seen in 2022/23. This included continued investment in the real living wage, cost of living increases, maintaining a minimum salary for Learning Coaches, along with an increase to all colleague's holiday entitlements and benefits.

MOL and Total People continue to complement each other's offer, enabling 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. MOL remains a leader in commercial "On demand" and "live online" courses with over 5,388 learners in 2023/24.

MOL successfully launched and implemented its Transnational strategy in 2023/24 and expanded its commercial "live online" offer delivered solely from the UK to international and global companies, partnering closely with the CIPD ensuring that the content and delivery is country relevant. In 2023/24 MOL successfully signed up over 440 international learners and working with some of the worlds largest Global corporations such as Saudi Aramco. The transnational delivery will be a key focus for MOL over the coming years, as more and more professionals and organisations adopt UK qualifications.

CIPD starts grew by 29%, and this growth continues to be supported MOL's partnership agreement with CIPD. MOL is one of only four preferred providers of commercial CIPD products. MOL also holds the highest accreditation with CIPD.

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.

Assessment achievement on CIPD programmes remains strong with 99% of level 3, 99% level 5 and 100% of level 7 learners passing unit assessments. In 2023/24 overall achievement rates on CIPD courses across all levels was 93% and 97% on CMI.

MOL remains a leader in commercial "On demand" and "live online" courses with over 5,388 learners in 2023/24. This included 78 CMI learners, 424 Property Law learners, 2,190 CIPD learners, 34 MSc learners and approximately 2,662 Property Agency learners.

Throughout 2024/25 there will be continued investment in the Total People and MOL workforce.

There has been significant investment 2023/24 on systems and infrastructure with the implementation of a new CRM system within MOL. This will enhance reporting for both B2C and B2B with improved client contact management and enhanced integration across group communication systems that will support future growth across the commercial business

There remains continued demand for the company's services in the training of, apprenticeships, 16-19 young people and the commercial market. The company is situated in economic growth areas and has aligned its portfolio with the local skills agendas.

MOL are currently on track to be awarded "Platinum" status as a key CIPD partner along with the high level of quality delivered. MOL have been a CIPD grade one provider for over 8 years.

MOL and Total People have a clear strategy to Increasingly deploy and implement the use of AI tools to further enhance delivery, teaching, learning and assessment.

Throughout 2024/25, Total People will continue to develop its local, regional and national footprint. This will be through levy and non-levy clients in targeted markets, whilst maintaining our Manchester, Cheshire, and Northwest focus.

The recently announced plans from the Labour Government to implement the Skills and Growth levy, focusing funding from high levels to lower-level foundation apprenticeships for young people and implementing the Youth Guarantee, fully aligns with Total Peoples new strategic approach and the apprenticeships offered.

The company remains positive entering 2024/25 and maintains robust employer and stakeholder relationships. The company is benefitting from a pipeline of quality starts on both apprenticeships, AEB, 16-19, High Needs and commercial contracts, working with employers such as Saudi Aramco, Civil Service, Lloyds Banking, KPMG, Barclays, BMW & Ford.

Group Professional Services

Group Professional Services is our integrated business unit that brings together all our professional service functions; Information Systems, Student Records, HR, Finance, Health & Safety, Risk Management & Compliance, Marketing, Communications, PR, Public Policy and Public Affairs. This unit also includes the related shared services and admin functions and sits at the very heart of LTE Group.

This new unit created in 2023/24, encompasses over 200 functional professionals and specialists who keep the organisation safe and support over 3,100 colleagues across multiple locations in England and Wales, providing support across LTE Group and each of its business units, The Manchester College, UCEN Manchester, Novus, Total People and MOL.

Group Professional Services will lead on developing strategies and implementing change programmes that will transform our professional services in the years ahead with an emphasis on digital transformation and digital services, ensuring an efficient business support model that avoids duplication of cost and activity, whilst ensuring a consistency of approach to essential organisational enablers and control frameworks. Their focus will be on Value Creation, enabling idea and strategy into impact.

Over the next five years education and skills will need to harness technology much more in how services are delivered, there will be a greater focus on Artificial Intelligence and related technologies across Government. Quality for learners will always be a priority and in Group Professional Services we will align further our support strategies with the quality and self-assessment process to support improvement initiatives.

Group Professional Services employs colleagues with specialist skills that are in demand across multiple sectors beyond education, meaning this business unit also faces its own localised recruitment issues within the sector-wide problem of colleague attraction and retention. Despite this perennial challenge the organisation has performed well, supporting the Group with several material projects whilst maintaining core control frameworks such as our ISO and Cyber Essentials + accreditations, along with ensuring the financial sustainability of LTE Group.

Group Professional Services has led several important change initiatives in the past year as well as being a key facilitator and important lynch pin for others.

All functions within Group Professional continue to be involved in the Group Estates Strategy including the Manchester City Centre Campus Phase 2 from an IT and finance and funding perspective. The team have also been successful in a material VAT Construction relief claim.

Network Wi-Fi upgrade, and asset refresh work continues to bring better connectivity and newer technology to more learners and colleagues in more classrooms. Our data centre migration project was completed including the deployment of a new HP GreenLake solution.

We have successfully deployed our new Thrive On-Line Learning Platform and implemented a new Reed recruitment contract. As part of this neutral vend arrangement we have successfully signed up 95% of our agencies. Our HR policies and procedures continue to be updated to reflect changes in legislation and our regulatory framework. In our Novus business we have successfully supported the mobilisation of new contracts including the TUPE transfer of colleagues at HMPPS Five Wells.

Closer collaboration between Health & Safety, IT and Student Experience to ensure the highest levels of safety continues for all in busier campuses and across the prison estates as our learner numbers grow. The team are continuing to trial a mobile software tool – "Safety Culture" for audit, control and monitoring purposes.

Our efforts to influence positive change for the sector, particularly in the specialist area of prison education, continues to be recognised with several nominations for independent industry awards. In addition, we have supported the successful International Round Table event for Novus & their 30 Year conference held in London, whilst Novus's share of voice in media coverage related to prison education has increased YOY.

- Work on advocacy for the group and the wider FE sector with policy makers and political stakeholders continues.
- The unit achieved a range of national accreditations in the year in areas as diverse as Health and Safety to Cyber security.
- Our award winning marketing team continued to beat all comers winning three awards at the FE First Awards.

Estates strategy

Phase 1 of our Estates strategy (a self-funded project), to consolidate our provision on fewer campuses through the development of a centre of excellence model is almost complete. To date we have constructed a new city centre campus (opened in September 2022) as well as refurbished and enhanced other existing campuses including Openshaw, Wythenshawe and Harpurhey. This approach is delivering better learning and facilities for our students at a more economic cost for our stakeholders. The rationalisation of the Estate has improved the overall condition of the Estate and reduced property running costs in year and in the coming years. The cost of the project of c £130m, has c £2m remaining spend in 2024/25. The construction programmes have been delivered on time and within the overall budget with a healthy contingency remaining, some of which will be used for a Phase 2 programme at the new city centre campus. All Phase 1 disposals have been completed, with disposal proceeds exceeding business case.

The £39m Phase 2 scheme, which is a DfE grant funded project, will provide an opportunity to create a centre of excellence for Business and Professional services at the new city centre campus, replacing the Shena Simon campus with new purpose-built accommodation. A DfE grant has been received to support Phase 2, the financial plan includes the disposal of two further aged buildings along with further funding from LTE Group.

Phase 2 enabling works commenced in June 2023 and a fixed price contract was agreed with the principal contractor, with the main works commencing in September 2023. It is anticipated that the works will be completed in 2024/25. As per the conditions of the grant the project needs to be complete by 30 March 2025.

Disposal activity in relation to Phase 2 planned disposals is at an advanced stage with significant interest received.

LTE Group match funding is through the disposal of Shena and Nicholls and a capital loan with the DfE. LTE Group received a total capital loan of £15.6m to replace its previous revolving credit facilities, £7m in respect of Phase 1 and £8.6m in respect of Phase 2, with the loan to be drawn, in arrears based on expenditure incurred. LTE Group will start to draw on the Phase2 loan from the start of the 2024/25 financial year, having fully drawn the grant.

The Estates Strategy has and will continue to deliver better learning and facilities for our students at a more economic cost for our stakeholders.

The rationalisation of the Estate has significantly improved the overall condition of the Estate and reduce property running costs in 2023/24 and over the coming years.

The growth in students is ahead of 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 but has exacerbated capacity constraints, even earlier than envisaged, and even with the Phase 2 scheme.

In relation to the disposal of its Nicholls campus there are a series of complex interdependencies for LTE Group to navigate given the acute capacity challenge in the city and its own capacity constraints. The position of future DfE capital funding is not clear, post-election, LTE Group's only strategic pivot therefore to increase capacity to address learner numbers is to retain Nicholls for longer. The plan therefore assumes a change in the Estates strategy to retain Nicholls for a 3-year period out to 2028 (following a sale and leaseback arrangement to generate the required capital receipt for Phase 2), to protect learner capacity and existing income whilst we explore future options. The revised Phase 2 City Centre scheme is not large enough to accommodate all the provision currently located at Shena. The financial plan assumes a peppercorn lease back of the new build element until July 2028 with monies allocated for improvement works, given the campus will have been mothballed from July 2022 to March 2025 and some adaptations may be required.

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. Phase 1 benefits have been delivered in line with the plan.

Good management, of overall expenditure versus budget and the timing of loan drawdowns compared to our original business case has resulted in a better project cashflow than the plan. The financial covenants for our lenders are achieved in year with headroom, and during the term of the financial plan.

The public sector refinancing of our existing revolving credit facilities with commercial lenders completed in July 2023. This replaced the revolving credit facilities previously with Santander with 2 DfE backed loans, a £16.5m DfE refinancing loan and a £15.6m capital loan facility for Phase 1 and Phase 2 of which £6.2m had been drawn in relation to remaining Phase 1 expenditure at 31 July 2024.

Student Numbers

The Manchester College and UCEN

In 2023/24 the College enrolled approximately 14,105 students. The College's student population includes 5,929 16-to-18-year-old students, 1,152 higher education students, 7,024 adult learners (of which, 5,391 funded and 1,633 full cost recovery students).

Novus

In 2023/24, 33,938 adult learners accessed 82,514 enrolments on accredited / non-accredited provision. This is an increase compared to 2022/23 and reflects the completion of the transition back to a business-as-usual position post-Covid.

For the same period, 539 Youth Custody Service (YCS) learners (under 18) accessed 3,183 learning aims. Novus delivered in 2 sites until the end of May 2024, when the HMPYOI Cookham Wood was re-roled from young people to adult provision, with all young people exited from the site by 31 May.

Total People

In 2023/24, Total People worked with approximately 2,424 learners. This included approximately 363-to-18-year-old apprentices, 1,291 19-year-old + apprentices, 125 16-to-18-year-old Study Programme learners and 645 adult learners.

In 2023/24, MOL worked with approximately 5,388 learners. This included 78 CMI learners, 424 Property Law learners, 2,190 CIPD learners, 34 MSc learners and approximately 2,662 Property Agency learners.

Financial Position

Financial results and objectives

The 2023/24 financial year has continued to bring 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 aims in 2023/24 have been:-

- to continue to be a partner of choice for employers in key industry sectors,
- to grow our learner numbers,
- to invest in our people, through pay and flexible rewards,
- to continue to invest in our estate to provide appropriate learning environment, an improved overhead cost base, and better working environments for our colleagues,
- to deliver solid and strong financial performance,
- to successfully refinance our existing revolving credit facilities to DfE backed loans, and
- to diversify our income customer and contract base to set us up for success for the next 5 year plan period,
- To develop innovative technology based delivery models.

The Group reports a surplus in the year (excluding the minority interest shares in Novus Cambria and Novus Gower) of £6.4m, which is £1.3m higher than the prior year results (2023: £5.1m surplus) and is £4.8m better than the budgeted surplus of £1.6m. £2.8m of this positive variance to budget is due to a £0.7m FRS 102 pension credit compared to £2.0m budgeted pension charge and costs. The budgeted charge was based on the 2022/23 charge of £1.5m. The benefit was due to a combined effect of an increase in the discount rate from 5.08% to 5.10% in 2023/24 and the decrease in CPI from 2.80% to 2.55%.

This is equivalent to an EBITDA (education specific, as per ESFA guidance) of £14.1m (7.74% of adjusted income) compared to a budget of £14.0m (7.65%). Adjusted income is total income less the release of deferred capital grants (as defined by the ESFA).

The Group has continued working with its partners and undertaking initiatives, such as property disposals, to enhance value and maintain a strong cash flow position. Whilst our operating activity cash flow has decreased by £3.3m (27%), from £12.2m last year to £8.9m in the 2023/24 financial statements, the year-end cash balance of £30.5m is £3.6m higher than the prior year and significantly exceeds the budgeted year end cash balance of £14.7m by £15.8m (107%). As at the year-end, total borrowing is £52.5m (2023: £49.2m) and £2.4m or 4.8% unfavourable to budget.

The current ratio of 1.60 and gearing (debt as a percentage of income) at 28.98% combine with the performance ratio to deliver a funding body health grade of 220 points (Good).

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

- To maintain the long term financial viability of the LTE Group,
- To generate sufficient income to enable maintenance and improvement of its infrastructure,
- To diversify income streams, through a broad offer that responds to multiple areas of education/skills demand, rather than solely traditional FE,

- 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 maintain adequate funding to service future pension liabilities,
- To protect it from unforeseen changes in policy and the impacts resulting from any future changes in funding or political upheaval,
- 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 including the DfE, suppliers, bankers and auditors.

The Group (excluding the minority interest shares in Novus Cambria and Novus Gower) has accumulated reserves of £126.4m (2023: £120.7m), including cash balances of £30.5m (2023: £26.9m). The £5.7m year-on-year increase in accumulated reserves is driven by the £6.4m surplus (excluding minority interest shares) and is offset by an actuarial loss on the Greater Manchester Pension Fund (GMPF) of £0.7m. 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 2023/24, the FE funding bodies provided 24.0% of the Group's total income (2022/23: 23.0%), with AEB income accounting for 9.6% (2022/23: 10.4%).

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 is also the parent company of Novus Gower which is a private limited company and has two shareholders: LTE Group and Gower College. LTE Group controls 60% of the voting rights of the members while Gower College control 40%.

The LTE Group has three wholly owned trading subsidiary companies - Total People Limited, LTE Professional Services Limited and Novus-Transforming Lives Limited.

The Local Government Pension Scheme (LGPS) valuation for 2024 resulted in an actuarial valuation loss of £0.7m (2023: loss of £15.4m) see note 27. However, the decrease does not impact on our funders' net assets banking covenant test, as this is a non-cash item and, as such, is excluded from this test.

Cash flows and liquidity

Overall, cash has increased £3,514k year-on-year, from £26,941k to £30,455k. This is due to an operating cash inflow of £8,939k, offset by a £2,717k outflow due to investing activities and a £2,708k outflow due to financing activities.

Operating cashflow is £3,285k lower year-on-year, despite a higher education-specific EBITDA (£14,121k compared to £14,025k in the prior year), due to adverse working capital movements.

Net investing activities of £2,717k, comprise of £24,220k of payments made to acquire fixed assets and £96k capitalised development expenditure, offset by £106k of disposal proceeds, £20,529k of capital grant receipts and £964k of investment income.

Net cash outflow from financing activities, comprises of £2,802k of loan interest payments, £387k of finance lease payments, a £220k minority interest distribution and a net loan capital inflow of £701k.

The year end cash balance was £15.8m higher than the budget of £14.7m, principally due to strong cash generation in the year, earlier than planned drawn down on the capital loan and deferral of expenditure on Phase 2 of the estates strategy whilst refinancing with the DfE was completed.

Treasury policies and objectives

Treasury management is the management of the Group's cash flows, its banking, and money 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.

The LTE Group Board is responsible for the solvency of LTE Group, and, acting through the CEO, have responsibility for the overall security and management of funds.

However, following the ONS reclassification of the Group to the government sector, the Group is permitted to repay its existing commercial loans to maturity, but any new private sector finance arrangements require prior written consent from DfE. Private sector borrowing refers to any borrowing from commercial lenders but also loans from local authorities and any other non-public sector organisations.

The Group Board does not have delegated authority to agree amendments to existing private borrowing which may be within the scope of Managing Public Money (MPM). These could include but are not limited to:

- changes relating to the term of a loan;
- repayment profile change;
- interest change outside of the existing agreement terms, including any move between a variable and a fixed interest rate; and
- providing additional security.

Any such amendments would require prior consent from the DfE.

On 20 July 2023, the public sector refinancing of College Debt with Commercial Lenders completed. The Group's previously held Santander revolving credit facilities (£34m in total) were replaced by a £16.5m DfE refinancing loan (fully drawn) and a £15.6m DfE capital loan for the Estates Strategy (£6.2m drawn at July 2024, with further drawdowns planned in 2024/25). In addition, the Group also has loan agreements with The Council of the City of Manchester (£8.1m outstanding at the 2024 year-end), and Santander facilities covering a term loan (£19.7m outstanding at 2024 year-end).

Following ONS reclassification and the refinancing of our revolving credit facilities with the DfE backed refinancing loan and capital loan, our flexibility to respond to timing difference and delays in large material disposal receipts has been removed. Thus, we have obtained from the DfE a payment holiday for the 2024/25 financial year in respect of the re-financing loan, and a deferral in the commencement date of the capital loan repayments to 1 August 2025. Once we are in receipt of the disposal funds the repayments will be caught up, in effect a bridging loan. These revised financial facilities allow time and headroom to realise better public value for asset disposals at rates much higher than business case.

Short-term cash requirements are monitored weekly, such that the Group minimises its borrowings and thereby interest charges. Going forward, the Group will continue to seek to optimise 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.

The Public Work Lending Board (PWLB) interest rate continues to be applied to both the Refinancing and the Capital loans, this is fixed each year for the following 12 months. PWLB Rate 5.6% fixed to 31 March 2025. (1 April 2023 fixed to 31 Mar 2024 4.97%).

The Manchester City Council loan is a fixed interest rate loan at 4.6% for its duration.

The fixed rate on the main Santander term loan came to an end in August 2023. Following discussions with the DfE, LTE moved to variable rate. It is our intention to seek the early refinancing of this loan with the DfE, given there are no breakage costs, as this would represent better value for money for the public purse given that the PWLB rates are favourable to commercial lending rates.

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 funders.

The Group (excluding the minority interest shares in Novus Cambria and Novus Gower) has £126.4m (2023: £120.7m) of unrestricted reserves as at 31 July 2024, which the Group feels is adequate to implement any further reshaping required, should there be any further government funding cuts, allocation changes, a real term reduction in funding vs inflation pressure on its cost base or the Group is unsuccessful with any significant retenders, which impact on its annual income . The £5.7m year-on-year increase in accumulated reserves is driven by the £6.4m surplus (excluding minority interest shares) and is offset by an actuarial loss on the Greater Manchester Pension Fund (GMPF) of £0.7m.

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 and or the outcome of the Prison Education Service Tender.

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

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 for a minimum period of 3-6 months.

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

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.

Resources:

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

Financial

The Group (excluding the minority interest shares in Novus Cambria and Novus Gower) has £126.4m (2023: £120.7m) of net assets. This includes a cash balance of £30.5m (2023: £26.9m) at year end and long-term debt (including finance leases) owing of £48.9m (2023: £46.0m). The £5.7m year-on-year increase in accumulated reserves is driven by the £6.4m surplus (excluding minority interest shares) and is offset by an actuarial loss on the Greater Manchester Pension Fund (GMPF) of £0.7m.

People

At year end, the Group has 3,153 people in post, of whom 1,837 are teaching colleagues.

Tangible Assets

Tangible resources include the six main college campus sites, including the City Center, Wythenshawe and Openshaw campuses. Also included is £26.1m (2023: £4.3m) of buildings currently under construction as part of the estates strategy, an increase of £21.9m investing in phase 2 of our city centre campus which is anticipated to come into use September 2025.

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 2023/24, the Board reiterated its expectation that, despite the wider macro-economic challenges, senior leaders should have some element of pay at risk, based on performance.

In addition, our current pay policy should continue to be focused on lower paid colleagues and frontline delivery staff. This includes continuing our commitment as a Real Living Wage Employer and applying the Real Living Wage again in line with recent changes.

Given the macro-economic environment and high inflation putting pressure on public sector pay, the LTE Board has restrained senior pay rises in recent years. Actually reducing earnings potential during Covid and in 22/23 restraining senior pay rises at 1.25% versus 2.7% for other colleagues. Increased funding in 23/24 enabled LTE Group to improve pay offers generally and the Board opted to apply the same increase for senior post holders in line with other colleagues at 7% consolidated and 1.25% unconsolidated.

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 continue to monitor this alongside the changes due to public sector reclassification and compliance with MPM Senior Pay Guidelines.

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:

	2024	2023
CEO/Accounting Officer's basic salary as a multiple of the median of all staff	6.7	7.1
CEO/Accounting Officer's total remuneration as a multiple of the median of all staff	7.9	7.9

Please see note 9 for further details of the CEO's total remuneration package.

The 2023/24 Annual Remuneration Report was presented to the Group Board on 17 December 2024.

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), Ms Rebecca Durbar (AoC North west) and Ms Nicole Kershaw (One Manchester). During the year 2023/24 the Panel met on the 15 April 2024 and agreed to uplift the rates of remuneration in line with the CPI inflation rate as allowed by the Charity Commission Order.

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

Reputation

Novus

In February 2024, Novus celebrated 30 years of working in prison education with a stakeholder event in London, attended by over 100 colleagues and stakeholders. The event shared the key milestones and achievements and heard from former learners and Novus staff on the power of education and its capacity to change lives.

In June 2024, Novus brought together a range of stakeholders from different countries and employers to share perspectives, insights, and expertise in delivering high-quality prison education, learning and employability services.

The roundtable featured participants from the USA, Norway, Wales, Northern Ireland, and England, who explored similarities and differences between the delivery systems in place and discussed ways of fostering future international cooperation with the aim of ultimately improving services for the future of our learners.

Attendees at the hybrid event included representatives from HMPPS Wales and Northern Ireland prisons, as well as employers Kier, Balfour Beatty and Greene King, charity The Right Course and Manchester Metropolitan University's Policy Evaluation and Research Unit. Attendees from Norway Prison Service and US university Virgina Tech offered insights into the different approaches in place in their own systems.

Our work to raise the profile and policy influence of Novus in prison education positively continued. Novus is now number one for share of market voice across justice. This platform has enabled us to partner with other organisations, such as contributing to The Centre for Social Justice high profile white paper, which featured our successes, joining up education and employment support.

Novus has continued to diversify and has mobilised new long term multi year contracts during this year in excess of £53m Total Contract Value (TCV). This includes mobilisation of the second-generation contract at HMP Berwyn which commenced in October 2023, a successful bid followed by mobilisation of the contract to deliver education provision at HMP Five Wells in July 2024 and several MoJ PEDPS contract wins.

In November 2023 Novus submitted bids for the next generation of 7-year prison education contracts (PES – Prison Education Service), the outcome of which is expected in Spring 2025. Furthermore, Novus has continued its diversification strategy through collaboration with private sector prison operators on a number of tenders under the MoJ Prison Estate Transformation Programme.

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

Novus conducts a twice-yearly survey to assess learner satisfaction, through in independent questionnaire carried about by QDP. For the financial year to July 2024 satisfaction remains strong with 87% of learners satisfied with the education and training they have received from Novus, this being consistent with results from previous years (2023 88%, 2022 84.2%, 2021 88%).

The Manchester College

During 2023/24 the College made significant progress in implementing its Vision 2027 strategy that led to a wide range of successes throughout the year. The college continues to be the highest performing college in Greater Manchester and in the top ten percent nationally.

The College is committed to providing learners with opportunities to demonstrate the skills across regional and national competition pathways providing students with opportunities to further develop their knowledge, skills and behaviours whilst showcasing their ability. In November 2023 we successfully, hosted 19 WorldSkills UK National Finals competitions at City Campus Manchester and will continue to host further competitions at City Campus Manchester in November 2025. Hosting the competition raised the profile of World Skills UK to our students, positioning it as an aspirational goal for many of them to compete in future competitions. The college has also achieved an eight-fold increase on the number of World Skills registrations (293) giving many more students access to the prestigious competitions and opportunities to demonstrate the industry knowledge, skills and behaviours and build on 2023 where a Hospitality and Catering student successfully claimed the bronze medal in the Confectionery and Patisserie. Students registered from a range of industry areas and backgrounds with two students in Foundations Skills and Hairdressing having successfully made it through the multistage rigorous assessment process to make it to this Novembers National Final.

Furthermore, the College has an objective to become a World Skills Centre of Excellence with the first year now complete. Over 50 staff have undertaken specialised training hosted by World Skills (Mindset Development) and the College is now collaborating with WorldSkills to develop a train the trainer model to accelerate the roll out of this training to best position our students to compete in future competitions. Several managers have also attended 'Network for Innovation' events including Health, Sciences and Engineering provided by WorldSkills.

The success of the College's commitment to ensuring students develop the skills they will require for a future career was showcased in the annual 'Greater Manchester Skills' competition, where students demonstrated exceptional and advanced skill levels to claim podium finishes in a wide range of curriculum. Final competitions with students achieving 16 podium finishes with 6 winners, 4 runners-up and 6 third place finishes. The Manchester College was also the overall competition winners in 3 Subject areas.

The strength of the College's teaching and support led to strong performance during the 2024 exam and assessment cycle. 78% of T Level students achieved a high grade - a 4% increase on 2023 - with four courses seeing 100% of students secure a pass grade or higher. Furthermore, all T Level Health students that completed their course have successfully progressed into degree level study in the sector including midwifery, adult nursing and children nursing. Across our 16-18 Level 3 provision we saw achievement rates of 85.3%, up from 81.3% in 2023 and 3.1pp above the level 3 national rate. Across all level 3 provision, 66% of students achieved a high grade which is 4% higher than previous year.

At Level 2, the 16-18 achievement rate of 86.3% was an impressive 6.5pp increase from 2023 and 6.2pp. above the level 2 national rate. The number of students achieving a distinction grade or above has also improved from 40% to 46%. At level 1, the achievement rate was 91.4%, which is 5.8pp above the level 1 national rate. The number of level 1 students achieving a distinction grade or above has also improved from 48% to 56%. The increase in the proportion of distinctions at level 1 and 2 provides students with the knowledge, skills and behaviours to improve their chances of succeed at their next level of study or in employment if that is their chosen destination.

The 2024 results built upon the strong student achievement during the 2023 exam and assessment cycle. Our 2023 results saw the College retain its number one spot for overall student achievement for 2022/23 (as well as for 16-18 and adult) in Greater Manchester in the national achievement rates. This is a testament to the fantastic outcomes we consistently support our students to achieve.

Our focus on ensuring that students are able to gain industry sector experience so that they gain the skills and knowledge they will need for a successful future career saw us provide placement opportunities for over 3,500 students. To achieve this is a result of our collaboration with a diverse range of over 2,000 stakeholders including local, regional, and national employers, community settings, civic institutions and education providers. In addition to the work placements delivered via this collaboration, we are also able to ensure that our curriculum is up to date with the latest industry practice so that our students can gain the skills that employers will need them to have when they enter the workforce.

Alongside the industry placements that our students completed a large percentage of our students had the opportunity to participate in industry standard, professional projects and respond to real-life briefs. In April one such project reached a highly successful conclusion as our 7-year long social photography project, 'Greater Mancunians', exhibited at Manchester Central Library. This involved 150 students who were able to develop their sector skills in the creative industries on a high profile and successful project.

Following on from the opening of Greater Mancunians, in May our men's football team were crowned champions of Association of Colleges North West Men's Regional League 1 representing a significant achievement for our Sports curriculum and aided by our £25m investment in state of the art facilities for Sport at our Openshaw campus which completed in 2021.

UCEN

There was equal success across UCEN Manchester, with significant progress made on several key benchmarks both at an organisational level and across our different Schools.

We saw strong improvements in the National Student Survey (NSS) with students expressing high levels of satisfaction with their experience at UCEN Manchester in 2023/24. This included improvements in scores across all seven themes compared to 2022/23 – in some areas by as much as 20pp - and we were particularly please to achieve 90% satisfaction for Academic Support and 89% for Teaching and Learning. These results are better than many comparable universities and a testament to the hard work and dedication of all our staff.

The NSS results followed UCEN Manchester retaining its TEF Silver status. Under the new framework the award recognised that our "student experience and student outcomes are typically very high quality". UCEN Manchester's overall outcome was made up of two 'Aspect ratings':

- Student Experience for which UCEN Manchester received Silver
- Student Outcomes for which UCEN Manchester received Bronze.

Where providers have two different 'Aspect ratings' the OfS look at a range of factors to determine whether the institute receives an overall rating of Silver or Bronze. In reaching its overall judgement the TEF panel found that UCEN Manchester had nine "very high quality features" leading to us being awarded Silver overall.

These successes were further built upon at a School level as in February 2024 the Arden School of Theatre, an integral part of UCEN Manchester, was awarded accreditation from the Council for Dance, Drama and Musical Theatre (CDMT) recognising the high quality standard of its programmes. The highly prestigious accreditation validates The Arden as a leading provider of Acting and Musical Theatre degree courses, giving it a status held only by a select number of providers identified as providing elite programmes that equip students with the skills they will need to progress into professional roles. Successfully accredited schools satisfy a range of CDMT's criteria including offering a course that is either three or four years in duration, guarantees students a minimum of thirty contact teaching hours per week and can evidence that a high percentage of graduates progress to performance roles.

Throughout the UCEN Manchester remained a key partner for Cisco in the Greater Manchester region and leading to it being awarded Premier+ status, the highest accolade awarded to Cisco's partners globally. The award recognises the level of excellence delivered by one of the few Cisco Networking Academies in the country with Academy Support Centre (ASC) and Instructor Training Centre (ITC) status.

Since UCEN Manchester launched its Cisco Networking Academy over 1,500 students have studied the courses on offer. The students enrolled range from those studying as part of their Foundation Degree (FdSc) and degree (BSc (Hons)) courses with UCEN Manchester to professionals looking to add a standalone industry recognised qualification to their CVs. In addition to attaining an industry recognised qualification, students studying at UCEN Manchester's Cisco Networking Academy also get the opportunity to join Cisco's global community, which brings with it access to various webinars, talks and job matching through Cisco's Talent Bridge.

Across UCEN Manchester during 2023/24 students were provided with a wide range of opportunities to participate in professional-standard, real-life briefs. The Click Studio continued to provide real-world opportunities for students across a number of courses seeing them receive live industry briefs from high-profile organisations, allowing them to understand the demands of work in the industry including tight timelines, client feedback and managing expectations. This included BA (Hons) Graphic Design students worked with organisations such as Unison on advertising and awareness campaigns and The Vegetarian Society on new branding for their National Vegetarian Week campaign, 'Mix It Up' and FdA Special Effects Makeup-Artistry and BA (Hons) Makeup Artistry students working with UCEN Manchester's parent company, LTE Group, to design and make the trophies for its internal staff recognition awards.

In addition to respective organisation achievements, both the College and UCEN Manchester had successes driven by joint and collaborative working.

In 2023/24 the second cohort of 40 middle managers, consisting of both College and UCEN Manchester staff, successfully completed our Leaders of Learning programme, which has been specifically designed to accelerate colleagues leadership and management knowledge and skills.

The two organisations continued to make strategic goal to contribution to the Greater Manchester Combined Authority's goal to achieve carbon neutrality by 2038 and improving the organisations long term sustainability, including a range of initiatives which took place during 'Green Week' to raise awareness of how all colleagues and students can make a positive contribution to addressing environmental issues.

Finally, the Careers and Welfare team, the Employability team, Schools Liaison and the Transition team at The Manchester College and UCEN Manchester all successfully maintained the standards and quality required for the matrix quality Standard. The matrix Standard is the international quality standard for organisations that deliver information, advice and/or guidance (IAG). It is recognised by the Department for Education (DfE) to ensure the quality of the delivery of high-quality information, advice and guidance.

Total People

In early 2021/22, Total People secured its place on the Register of Apprenticeship Training Providers (RoATP), and gained accreditation for Secured ISO27001 and ISO9001, Matrix Information Advice and Guidance Standard in August 23.

A Full Ofsted inspection took place early in September 2024 where Total People received a grade "GOOD" across all of the provision types. Apprenticeships, 16-19 Study programme, High Needs and Adults.

Total Peoples Learner and employer satisfaction remains high at 83% for apprentices, 91% for 16-19 Study Programmes, 94% for Adults and 82% for employers. ESFA learner and employer satisfaction is also rated as "Good".

MOL also holds the highest accreditation with CIPD, is a trusted partner and are one of only four CIPD providers who are classed as a CIPD Organisational Development Partner (ODP).

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	53
FTE employee number	47.01

Total cost of facility time	£186,886.37
Total pay bill	£110,512,118.20
Percentage of total bill spent on facility time *(total cost of facility time ÷ total pay bill) x 100*	0.17%
Time spent on paid trade union activities as a percentage of total paid facility time *(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100*	0%

Percentage of time	Number of employees
0%	**17**
1-50%	**33**
51-99%	**0**
100%	**3**

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 2023/24, LTE Group paid 50% of invoices within 30 days (2022/23: 84% of invoices paid within 30 days). The Group incurred no interest charges in respect of late payment for this period. The key reason for this apparent deterioration is directly linked to the introduction of a new e-invoicing scanning solution which accurately records all information in the finance system at the point of scanning, in direct contrast to the previous system where invoices were held in separate document scanning software and not included within the calculation of invoices paid within 30 days. 84% of invoices were paid within 45 days

In 2023/24 the Group moved to a new e-invoicing scanning solution, this has enabled to us to significantly improve the accuracy of reporting, invoice processing times and time taken to pay suppliers. Our previous scanning software "DBCapture" did not provide any real-time data or reporting and invoices required a significant amount of manual intervention before they could be processed, resulting in invoices that could only be tracked and reported on once they arrived in the Finance system.

This improvement in real-time analytics, invoice processing and time taken to pay suppliers has enabled us to identify a number of further improvements that are required to ensure that we meet the target of making payments to suppliers within 30 days. We have immediately changed our approach to payment processing and extended the period covered by the weekly payment run to capture all invoices due before the next payment run, had this been implemented previously in 2023/24 this would have increased the % of invoices paid within 30 days to 76%.

LTE Group operates a "No PO/No Pay Policy" to ensure that all spend is approved in line with our Financial Regulations. In 2024/25 we will be implementing further improvements focused on increasing the number of invoices which "auto-match" (currently only 5% of invoices fully match when they are received) and reducing the number of core system users to speed up the timeliness of good receipting to match the purchase requisition in advance of the purchase invoice being received from the supplier, as well as providing training and guidance to core users on the Purchase to Pay process and moving suppliers to monthly consolidated invoicing.

Principal Risks and Uncertainties

Overall Risk Management

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 continued to develop and embed the system of internal control, including strategic, financial, operational and risk management which is designed to protect the Group's assets and reputation.

Risk Management Process

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. This horizon scan focuses on potential changes to the legal and regulatory framework, government policy and funding in relation to Education & Skills, political and social unrest and the geo-political climate and its impact on our learners and their learning environments and macro-economic challenges. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact to the Group. 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 also considers any emerging risks and any risks which may arise because of a change in the external environment in which the Group operates.

Risk Registers and Monitoring

Risk Registers are fully embedded in every business unit and at Group level within LTE. The Registers are continuously updated via our 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 materialising, 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.

Policy and Training

This is supported by the new Thrive training platform ensures mandatory training compliance across the group on relevant risk areas.

The Group approach to risk management is defined and articulated within the Risk Management Policy Statement and Risk Management Arrangements. These documents are reviewed by Audit and Risk Committee and LTE Group Board on an annual basis.

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, Operational & Financial Risks

Strategic Risks

Risk / Uncertainty: Macro-Economic Environment.

Macro-economic pressures, including inflationary pressure in particular pay pressure, with increased union activity and industrial action to demand better pay rises, and a new fair deal for FE not least given FE pay disparity with Teachers in pre-16 education, supply chain disruption and higher debt servicing costs. Not all income streams are indexed linked, whilst FE funding is complex and distributed via mechanisms covering 16-19, Adult and Community Education, ESOL, apprenticeships, skills, BTEC and T-Level.

Mitigation

- Indexed linked contracts in some cases, particularly in Novus and funding rate increase for 16–19-year-olds, with cost of living increases in respect of Adult Education (mainly devolved funding).
- 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 political and macro – economic environment.

Risk / Uncertainty: Actual Reduction in Government Funding or Reduction in Real Terms.

Cuts in government funding or real terms reduction in funding, ESFA, MoJ, OfS, making it very difficult to manage the implementation of medium-term strategies.

Devolution of post-16 skills policy and funding resulting in significant disparities in the devolved funding rate(s) for the provision of Adult Education, along with the lack of guaranteed inflation-based annual funding uplifts.

Apprenticeship funding is problematic, with no overall increase in funding levels since 2015, resulting in a substantial reduction in real terms, with several standards, economically unviable to deliver. The trading environment for apprenticeship providers remains challenging, with only a limited number of standards having been reviewed to date and having benefitted from a funding uplift.

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 a range of government departments, agencies and public bodies including the 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.

Total People are focusing its provision on commercially viable apprenticeship standards aligned to priority skills sectors, given employer disengagement, the lack of funding increases to keep pace with inflation, and the complexity and commercial implications of the funding rules.

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 a significant review and analysis of the implications, short, medium and long term of the white papers and proposed reform within the context of the economic and political environment.

Regular dialogue with funding bodies and active participation in national consultations.

Risk / Uncertainty: Accountability Reform.

The new FE funding and accountability system, part of a wider set of reforms underway to transform the skills sector includes a duty to collaboratively plan. New statutory guidance places 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. Accountability reform has led to a growing number of accountability tensions as we seek to balance the needs of different stakeholders DfE, GMC, MCC, GM Chamber and LSIP.

Mitigation

Active collaboration combined with experience of national and regional commissioning with national allocations and devolved allocations through GMCA ensures the College is well placed to respond.

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.

Curriculum designed and delivered in line with local skills needs.

Risk / Uncertainty: Skills Devolution.

Although there is a broad agreement across the political divide on the need to build a high-wage, high-skill economy to drive up productivity and enable economic growth, the move to devolve skills policy from Westminster to the regions has created multiple overlapping layers of accountability and governance for providers to negotiate. Additionally, significant differences have already emerged between the AEB funding rates on offer in different parts of England where responsibility for allocating the adult education budget (AEB) to providers to develop the skills that local employers needed has been devolved.

Mitigation

The Group has already undertaken a significant review and analysis of the implication of skills devolution within the context of the economic and political environment, utilising LTE Group's Centre for Policy and Research. First LTE Group white paper on skills and devolution published in November 2023.

Active collaboration with both the Conservative-run administration in Westminster and the Labour- led administration at the Greater Manchester Combined Authority.

Operational Risks

Risk / Uncertainty: Prison Education Income

Re-procurement of prison education contract by MoJ with the new generation contracts (PES) due to start April 2025, delay in the award decision Autum 24 to March 25 impacting on ability to accurately forecast forward cashflows.

Additionally, the MoJ has introduced a market cap for the new contracts, which would result in a reduction in the Novus Prison Education Framework (PEF) contract size as we transition to the new Prison Education Service (PES) contract.

Mitigation

We are diversifying via tender bids (see below) to protect against any loss of income from the re-procurement of the prison education contract.

Continued strong performance and delivery with over 30 years' experience in offender rehabilitation provision, and a good track record. Novus is the market leading supplier of Prison Education.

New operating models are being designed for corporate support functions to reduce costs in line with lower income.

Risk / Uncertainty: Business Development

New business & retention, and our ability to deliver on contract wins for example within the offender learning sector..

Mitigation

We are diversifying via tender bids to protect our overall income levels. Recent contract successes include the retention of YES, the retention of HMP Berwyn, and contracts wins for the provision of education to HMPPS Parc, the subcontracted delivery of education at HMP Lowdham Grange, and the subcontracted delivery of education at HMP Five Wells and HMP Forest Bank. We are awaiting outcomes on a number of additional prison education bids submitted.

Risk / Uncertainty: Tuition Fee Policy

Higher Education tuition fees are competitive locally and reviewed annually. For 2024/25 entrants all years' tuition fees range from £7,200 to £9,000, with the higher rate for the resource intensive subjects. The Teaching Excellence Framework rating supports the College position versus competition favourably. As more fees are payable by loan it is uncertain the impact this will have on learner numbers.

Mitigation

By ensuring the College is rigorous in delivering high quality 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.

A strong progression offer at level 4 and 5 in UCEN.

Risk / Uncertainty: Income Assurance

Income assurance underpinning EBITDA generation.

Mitigation

As can be seen from the above we are very focused on assuring the overall level of Group income. In addition, we hold a contingency at group level for unforeseen circumstances.

Risk / Uncertainty: Estates Strategy

The second phase of the estate's strategy presents risk to the organisation due the congested nature of the development site, change in how the Group must access borrowing facilities with associated new Government approval processes, the continued back drop of higher inflation, and the requirement to provide appropriate learning environments and an improved overhead cost base.

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. A DfE grant and a capital loan have been secured for Phase 2.

Following ONS reclassification and the refinancing of our revolving credit facilities with the DfE backed refinancing loan and capital loan, our flexibility to respond to timing difference and delays in large material disposal receipts has been removed. Thus we have obtained from the DfE a payment holiday for the 2024/25 financial year in respect of the re-financing loan, and a deferral in the commencement date of the capital loan repayments to 1.8.2025. Once we are in receipt of the disposal funds the repayments will be caught up, in effect a bridging loan.

Risk / Uncertainty : Future Capacity

A significant lack of capacity in the City of Manchester for 16–18-year-olds. The capacity challenge is acute and post-election the position of future DfE capital is not yet clear.

Mitigation

Planned mitigation is already underway including working with stakeholders to develop a more strategic approach to place planning in Manchester.

The capacity challenges will be part mitigated by the planned Summer 2024 works to create additional places along with a change in the estates strategy, LTE Group's only other strategic pivot too increase capacity to address learner numbers is to retain Nicholls for longer, and this option Is being progressed.

However the huge population growth in young people continues to accelerate to 2030. This rate of growth and the demand for technical and professional skills that flows from it, is so significant, that this need can now only be met by Government intervention with Capital to fuel new places.

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. This is coupled with low pay relative to schools, pay remains a structural issue, impacting attraction, retention, and morale. Wages have not kept pace with inflation putting pressure on cost of living, with real incomes squeezed. Despite significant consolidated increases in 2023/24 with additional DfE funding received. The latest pay claims > greatly exceed affordability of the sector and increases in funding rates (1.89%). The pay claim for 2024/25 is 10% or £3k, whichever is greater, and FE / Teachers Pay parity within 3 years, with a minimum £30k starting salary.

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. Terms and conditions have been revised to help compete with pay scales in industry, schools and other colleges. Recruitment strategies within different job sector markets e.g., ex-forces, are also being explored for certain roles.

We have further progressed with the mitigation of risk through a new recruitment framework, and additional resources within the Talent Acquisition Team.

To mitigate this risk further, LTE group is seeking to develop an end-to-end teacher recruitment, retention and training academy to grow its own talent, this combined with the new Reed neutral vend recruitment agreement will help the Group mitigate this risk.

Risk / Uncertainty: Vexatious Complaints

The volume and the average cost of employment-related claims is rising, along with the length of time it takes to resolve as complexity increases, with an increasing number of spurious and vexatious claims.

Mitigation

Proactive risk management through the training and development of colleagues, strong internal controls and robust policies and processes that are adhered to.

To mitigate this risk further, LTE group is evaluating the cost benefits of EPL insurance cover.

Finance Risks

Risk / Uncertainty: Financial Sustainability

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

Mitigation

LTE Executive and Board have focused 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 for over a decade. 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 total debt of £52.5m including bank debt of £19.7m with Santander, MCC of £8.1m and DfE £21.7m, with the remainder relating to finance leases. EBITDA generation is at the appropriate level to service this debt.

The Group has a strong relationship with our external funders, Santander and MCC, who both attend regular stakeholder meetings on the estate's strategy.

Risk / Uncertainty: Pension Liabilities

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

Mitigation

Teachers' Pension scheme the DfE published the delayed 2022 teacher pension valuation on Friday 3 November 2023. There will be a 5-percentage point increase in employer contribution rates from 23.68% to 28.68%. This will apply in April 2024 for three years. The Association of Colleges has confirmed that the DfE will cover the costs for schools and colleges, but this is only certain for one year (2024/25) with anything beyond that depending on the next spending review i.e. colleges will be alongside schools in the group that will continue to get a grant to cover higher costs. 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) is reported on the Group's balance sheet.

In 2023/24, the Group reported a surplus of £nil (2022/23; £nil). Throughout 2023/24, the Group maintained the required employer contribution set out by GMPF of 18.1% (2022/23 18.1%). This rate will next be reviewed in March 2025.

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 2022. This valuation revealed that GMPF's assets, which at 31 March 2022 were valued at £29,324million (31 March 2019: £23,844million), were sufficient to meet 104% of the liabilities (31 March 2019: 102%).

Technology Risks

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 launch of our new Group Professional Services Business Unit in 2023/24 and the creation of one integrated unit for all of our professional services team and its continued development will enable the creation of new functional strategies in support of the wider business units and over time the wider transformation of our professional services. As we evolve our services, systems and process the emphasis is on more digital transformation.

The Group has 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.

The Group currently operates a highly resilient and complex twin data centre model. This ensures continuous operation should an entire data centre fail and aids in system maintenance. The equipment in the 2 data centres was refreshed in full in the 2023/24 utilising a hybrid cloud model from Hewlett Packard Enterprise. This refresh included all of the servers, primary storage and networking in the data centres.

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 is in place. Rollout of multi-factor authentication and mandatory training for all colleagues has been completed.

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. The cyber security risk is growing across the sector.

Mitigation

There is a continual focus on cyber security and a dedicated Information Security Manager overseeing our security posture. The group undertake a number tasks and mitigations including security focused and business continuity certifications such as:

- ISO 27001
- ISO 22301
- Cyber Essentials +

As an added measure, the group also undertakes annual IT Health Checks & penetration tests using the CHECK standard.

All of these measures ensure the group is following best practice across all areas of digital and information security. This is then re-enforced for staff by the use of annual training covering both new/emerging risks and treats as well as refresher training on existing risks/threats.

Risk / Uncertainty: Artificial Intelligence

LTE is at risk in relation to the use of artificial intelligence in education delivery and assessment due to bias, safety and the use of personal data, Including privacy violations and the use of deepfakes. This risk is, exacerbated as AI regulatory policy is in its evolutionary phase.

Mitigation

LTE group has responded to the growing risk in the implementation and use of AI from both a business, colleague and student perspective by implementing a strategic AI scoping group, which is led by an Executive team member.

The scoping group comprises of representatives from across all parts of the organisation with a clear focus and remit on developing an AI strategic framework. The scoping group has commissioned subgroups, each led by subject experts, to undertake a deeper review of all aspects of the business, identifying risks, opportunities, strengths, and threats in relation to implementation of an AI strategy.

Once the strategic framework has been agreed the group will evolve into a steering group and manage the implementation of the strategy along with monitoring the risks and the short, medium and long-term effects associated with the adoption and implementation of AI across the business.

Health and Safety

The number of RIDDOR incidents has reduced from 2022/23 to 4 incidents (2022/23: 9 incidents). Two incidents involved colleagues and two involved learners.

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.
- Internal Audit reviews.

Communication and Engagement

The Safety, Health and Risk Team have outlined a Safety Communication matrix as part of the Arrangements for SHE. This document underpins the Health and Safety Policy and is reviewed annually by the Group Board.

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

Emergency Preparedness and Response

The Group has determined the need to prepare for, and respond to, potential emergency situations by.

- Planning actions to prevent or mitigate adverse impact from emergency situations.
- Establishing a planned response to emergency situations including provision of first aid.
- Providing training for the planned response to employees, relevant interested parties including employees under our control.
- Periodically testing and exercising the planned response capability.
- Evaluating performance and, as necessary, revising the planned response, including after testing and after the occurrence of emergency situations.
- Communicating and providing relevant information to all employees on their duties and responsibilities.
- Communicating relevant information to contractors, visitors, emergency response services, government authorities and, as appropriate, the local community.
- Considering the needs and capabilities of all relevant interested parties and ensuring their involvement, as appropriate, in development of the planned responses.

Going concern

Accounting standards require that the foreseeable future covers a period of at least 12 months from the date of approval of the financial statements.

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

Past performance demonstrates the Group's ability to effectively manage financial performance and cashflow.

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 strategy for 2024-2028, approved by the Group Board in July 2023 has established a set of new key strategic themes informed by both regional and national policy with the Group predicting a significant level of change in the near term 1-2 years and 3 years+, not least as reform will disrupt the sectors we operate within.

Whilst many of the new Labour government manifesto commitments are accounted for in the strategy, there will be an ongoing set of policy shifts post CSR and budget to build in.

The forward plan has a significant number of moving parts including, the outcome of the Prison Education Service (PES) Tender (March 25) and or potentially the re-procurement of PES, a 6 month contract extension of the Prison Education Framework until 30 September 2025 has been agreed with the MOJ. There are capacity challenges in TMC to solve, part mitigated by additional summer works that have been completed in July and August 2024 to create additional spaces and a change in estates strategy to retain our Nicholls campus for longer. The apprenticeship market remains challenging; however, the opportunity pipeline for work-based learning is strong. The impact of the new Labour government and its skills and devolution policies are not yet known in full, along with its plans for the justice sector including prisons and probation. Strategically we can see opportunities and impact for all our organisation with demand accelerating for skills and talent and growing employer, learner, economic and societal need.

Detailed operational planning underpins the financial budgeting process each year, ensuring that the financial income targets and associated costs are derived from robust curriculum and operational plans.

Income and cost contingencies are built into the financial plan to mitigate and aid management of any unanticipated in year financial impacts. The Budget for 2024/25 and the Plan for 2025/26 provide for a level of central contingency. In addition, the forward plan contains a level of capital contingency given the Estates Programme (due for completion in April 2025) along with BAU capital contingency given our plans to automate and digitise Group Professional Services.

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, which includes no further contract wins or renewals including no retention of business as part of the PES contract award and are regularly updated and reviewed by both the Executive team and Board of Governors.

Key risks such as challenges to commercial income and / or loss of significant contracts including no future contract wins, reductions in real term funding in particular relative to pay pressure and pay claims, learner volume growth cases not being met, the macro-economic situation including inflation, 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, whilst loan borrowing has been lower than plan.

LTE Group have been granted a payment holiday in for the 2024/25 financial year, for the period 1 August 24 to 30 April 25 (with a longstop date of 18 October 2025), in relation to the capital repayments due on its refinancing loan and deferring the planned annual repayments of the capital loan, (due to start in April 25) to provide some flexibility in the completion timescale for Shena, with the monies repaid when we are receipt of the disposal proceeds for Shena (see below).

All Phase 1 disposals have been completed, with disposal proceeds exceeding business case. Phase 2 disposals are at an advanced stage with the Shena disposal having exchanged (on an unconditional basis) on 6 December 2024, with a fixed completion date of the 30 April 2025, whilst heads of terms have been agreed on the Nichols disposal with MCC, the freeholder.

The Group intend to refinance the Santander Term Loan (maturity date 26 February 2026), by 31 July 2025, this follows discussions with the DfE, to enable the LTE Group and the public purse to benefit from the public work lending board rate versus commercial interest rates. There are no early break costs, the Santander loan has been on a variable rate since it came off its previous fix in August 2023.

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, Novus Gower, Novus Transforming lives, 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 is to ensure that for each of the 9 protected characteristics listed the LTE 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.

In addition to the protected characteristics, we also consider wider socio-economic indicators when considering equality, diversity and inclusivity. 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 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 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
- 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
- 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 with access to a Wellbeing portal that provides information and external agencies that can offer support
- Provide targeted individual mental health support and where appropriate signpost to independent, external support services
- 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.

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 17 December 2024 and signed on its behalf, on 20 December 2024, 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 2023 to 31 July 2024 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 29 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 commissioned an external board review to assess its performance for the year ended 31 July 2023. This was completed in June 2024 and outcomes reported to Governance Committee and Board to agree recommendations to take forward.

Governors and co-opted members have undertaken mandatory training in relation to the Boards responsibilities for matters relating to safeguarding for example and training in relation to the Education inspection Framework. Additionally, members have participated in link visits including meetings with staff and students and prison visits.

LTE Group Board

The composition of the LTE Group Board is set out on page 56. 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 2023/24, the Divisional Boards were: The Manchester College, UCEN Manchester, Novus and Group Professional Services. 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 2023/24.

In order to undertake effective and appropriate governance of the Group, the Group Board augment 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 Governance & Legal 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.

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 2023/24, 19 October 2023, 14 December 2023, 26 March 2024, 18 July 2024.

Appointment to The LTE Group Board

- Any new appointments to the LTE Group Board are a matter for the consideration of the Group Board 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.
- Mr Barry Lynch term of office was extended by one year from December 2023 to December 2024
- Justice Ellis, Mark Fletcher and Anika Ephraim were reappointed to serve a second term of three years from the end of their current term of office
- Ann Limb and John Thornhill were appointed to the UCEN MCR Board
- Sue Kershaw was appointed as a co-opted member of the Audit & Risk Committee and Novus Divisional Board for a period of 3 years commencing from 1 August 2024
- Phil Wheatley was reappointed to serve for a second term as a Governor from May 2024 (he had previously been a co-optee)
- Rhona Bradley and Adam White were reappointed to serve a second term of three years from the end of their current term of office
- Clarence Odogwu was appointed as a co-opted member of the Audit & Risk Committee for a period of 3 years commencing from 1 August 2024
- Alison Blackburn and Cheryl Dunn were appointed as co-opted members of the UCEN Board for a period of 3 years commencing from 1 August 2024

Members

Those serving on the LTE Group Board during 2023/24 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 2023/24:

Name	First appointed	Current appointment	Term of office	End of membership	Reason	Status of appointment	Committees served	Attendance in 2023/24
Lady Rhona Bradley	20.05.21	20.05.24	3 years			Independent member	Novus Board Governance committee	11/12
Ms J Burden MBE	08.12.14	08.12.21	3 years			Independent member	TMC Board,	6/11
Mrs P Cole	16.07.19	20.07.22	3 years			Independent member	Audit & Risk, Novus Board, Novus Gower	17/18
Ms Amber Ahmed	15.12.22	15.12.22	1 year	Jul-24	Stood down at end of study	Student member	UCEN MCR Board	3/5
Ms A Ephraim	1.01.21	1.01.26	3 years			Independent member	Novus Board	7/9
Mr N Garbett	19.10.21	19.10.21	3 years			Staff member		4/5
Mr P Johnson	08.12.15	08.12.21	3 years			Independent member	Group Professional Services Board, TMC Board, UCEN MCR Board, Investment & Estates Strategy Group, Governance, Remuneration	22/23
Mr P Lanigan	03.06.14	02.06.21	3 years		Resigned	Independent member	Audit & Risk, Total People Ltd, Remuneration	11/14
Mrs Ann Limb	01.01.23	01.01.23	3 years			Independent member	TMC Board, UCEN	10/13
Mr B J Lynch	14.12.10	12.12.20	3 years			Independent member	Total People Ltd,	13/13
Mr T Sargeant	13.09.19	20.07.22	3 years			Independent member	Group Professional Services Board	5/6
Mr M Sugden	18.07.17	18.07.23	3 years			Independent member	Audit & Risk, Novus Board, Novus Cambria, Remuneration	20/22
Mr J Thornhill	01.10.12	01.10.12	Ex officio			CEO	Total People Ltd, Novus Cambria, Investment & Estates Strategy Group, UCEN	23/23
Mr Malcolm Todd	01.01.23	01.01.23	3 years			Independent member	UCEN MCR Board	6/8
Mr A White	25.05.18	25.05.24	3 years			Independent member	Investments and Estates Strategy Group	9/9
Mr Garry Bridges	18.07.23	18.07.23	3 years			Independent member	TMC Board	9/10

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. This 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.

Anika Ephraim is the appointed ED&I Governor for the Group.

Mrs Lorna Lloyd-William served as Company Secretary & General Counsel (which encompasses the role of Clerk to the Board of Governors).

Co-Optees

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

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

Ms Catherine Hill was reappointed as a director of Total People for one further year from 29 March 2024

Mr M Bruce was reappointed as a director of Total People for one further year from 1 August 2024 .

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 Professional Services
Mr Ged Barlow	02.04.19	01.04.22	3 years	Resigned July 2024	Total People Ltd
Mr M Bruce	01.08.22	01.08.23	1 year		Total People Ltd
Mr N Carberry	16.09.22	16.09.22	3 years	14.11.23	Total People Ltd
Mr Mark Dewhurst	21.11.22	21.11.22	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	01.01.24	3 years		The Manchester College, UCEN MCR
Mr Mark Fletcher	01.01.21	01.01.24	3 years		The Manchester College
Ms Catherine Hill OBE	02.04.19	02.04.22	3 years		The Manchester College, Total People Ltd
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 Leo Nicholas	14.10.21	14.10.21	1 academic year	31.07.22	The Manchester College
Ms Sue Kershaw	26.03.24	26.03.24	3 years		Audit & Risk Committee and Novus Divisional Board
Mr Clarence Odogwu	18.07.24	01.08.24	3 years		Audit & Risk Committee
Ms Alison Blackburn	18.07.24	01.08.24	3 years		UCEN Board
Ms Cheryl Dunn	18.07.24	01.08.24	3 years		UCEN 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, four subsidiary companies either owned or controlled by the Group exist to deliver education and training under specific contracts or remits, with a fifth 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 2024, LTE Group's Remuneration Committee comprised Mrs P Cole, Mr P Johnson 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 2024 are set out in note 10 to the financial statements. The Committee met on three occasions during 2023/24.

Audit & Risk Committee

The Audit & Risk Committee comprised Mr P Lanigan (to March 2024), Ms P Cole, Mrs S Kershaw (from June 2024) and Mr M Sugden. In attendance were the Company Secretary; representatives of LTE Group's external 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 2023/24.

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, Mrs A Close and Mr M Dewhurst.

The Committee met on six occasions during 2023/24.

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 Mr B Lynch (to October 2023), Mr P Johnson, Mr M Sugden, Mrs R Bradley and Mrs L Lloyd-Williams.

The Committee met on three 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 2024 the membership of The Manchester College Divisional Board was made up of Ms J Burden MBE, Mr J Ellis, Ms C Hill OBE, Mr P Johnson, Mr M Fletcher, Cllr Garry Bridges (from July 2023), Dame Ann Limb Mubarak Oyebode (Student Co-optee from October 2023) and Mrs R Curry

The Board met on five occasions in 2023/24.

UCEN Manchester Divisional Board

Throughout the year ended 31 July 2024 the membership of the UCEN Manchester Divisional Board was made up of Mr J Ellis, Mr P Johnson, Mrs Ann Limb DBE, Mr John Thornhill, Ms Amber Ahmed (to July 2024), Mr M Todd and Mrs R Curry

The Committee met on three occasions in 2023/24.

Novus Divisional Board

Throughout the year ended 31 July 2024 the membership of the Novus Divisional Board was made up of Lady R Bradley, Mr B Lynch (to December 2023), Mrs P Cole, Ms A Ephraim, Mr M Sugden, Mr P Wheatley CB and Mrs S Kershaw (From June 2024).

The Board met on four occasions in 2023/24.

Group Professional Services Board

Throughout the year ended 31 July 2024 the membership of the Group Professional Services Divisional Board was made up of Mr B Lynch (to November 2023), Ms A Hunter (to April 2024), Mr P Johnson, Mr T Sargeant and Ms J Atherton.

The Board met on one occasion in 2023/24.

Wholly Owned or Controlled Subsidiaries

Total People Limited

Throughout the year ended 31 July 2024 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 (to March 2024), Ms L Durose, Mr G Barlow (to July 2024), Ms M Nicholson, Mrs A Close, Mr J Thornhill, Mr M Bruce, Mr N Carberry (from September 2022 to November 2023, Mr M Sugden (from July 2024)and Ms C Hill OBE (from 29 March 2022).

The Board met on four occasions during 2023/24.

Novus Cambria (A company limited by guarantee)

Throughout the year ended 31 July 2024 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.

The Board met on four occasions in 2023/24.

Novus Gower Limited

Throughout the period ended 31 July 2024 the membership of the Board of Novus Gower (a joint venture private limited company in partnership with Gower College Swansea) was made of Mrs P Cole, Mr P Cox, Mr M Jones, Ms M Leyshon, Ms A Platt, Mr J Thornhill, Ms C Jenkins (to June 2023) and Mrs N Neale (from September 2023).

The Board met on four occasions in 2023/24.

Novus-Transforming Lives Limited

Throughout the period ended 31 July 2024 the membership of the Board of Novus Transforming Lives (a wholly owned company limited by shares) was made up of Mr P Cox, Mr M Sugden (Chair), Mr J Thornhill and Mr P Wheately.

The Board met on two occasions in 2023/24.

LTE Professional Services Limited

Throughout the year ended 31 July 2024 the membership of the Board of LTE Professional Services Limited (a wholly owned company limited by shares) was made up of Mrs A Close, Mr P Cox and Ms A Hunter (to April 2024).

The Board met on one occasion in 2023/24.

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 2024 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 2024 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.

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.

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 2024.

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 58), accountability to parliament and the requirement to have appropriate financial and management controls in place (pages 61 and 74), responsibilities relating to the accounts (page 74), and the requirement to produce a statement of regularity, propriety and compliance (page 73).

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 2023/24, 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 2023/24, the Corporation ensured it complied with all subcontracting requirements, including the ESFA subcontracted standard introduced for the subcontracting of ESFA funded post 16 education and training. This is a new framework developed to ensure that there is a clear and consistent approach for the (contract) management of subcontractors by lead providers and that there are robust assurance review arrangements in place. Both the Manchester College and Total People have achieved the subcontracting standard, with both required to next submit an assurance review of the subcontracting standard on 31 July 2026.

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.

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 2023/24 and up to the date of the approval of the financial statements are:

Internal Audit

In Spring 2023, the tender for internal audit services was undertaken and RSM were re-appointed internal auditor for LTE Group for a period of two years from 1 August 2023 (with the option to extend for a further two years).

The Committee considered the 2024/25 Internal Audit Strategy and recommended it for approval to the Group Board. As set out in that strategy, during 2023/24, 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 July 2024, and the Committee considered and discussed the risks identified within this document. At the November 2024 meeting, the Committee reviewed KPMG's report on the 2023/24 audit.

In respect of the year ending 31 July 2025, following a formal comprehensive audit tender, a resolution was passed by the Board to appoint Forvis Mazars LLP as the external auditor.

Health and Safety

In 2023/24, the Committee maintained its oversight of the implementation of health & safety policy, 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 delegated to it 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 2023/24 included oversight of any subject access or freedom of information requests and of public interest disclosures and oversight of the fraud register and gifts and hospitality declarations.

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 2024 meeting, the LTE Group Board carried out the annual assessment for the year ended 31 July 2024 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2024.

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 17 December 2024, and signed on its behalf, on 20 December 2024, by:

Philip Johnson
Chair of LTE Group Board

John Thornhill
Chief Executive Officer

Statement on Modern Slavery 2023/24

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 31 July 2024.

Introduction

This statement sets out the actions taken by LTE Group to understand all potential modern slavery risks related to its business and the steps taken by the Group aimed at ensuring that there is no slavery or human trafficking in its own business or supply chains. This statement relates to the group's actions and activities during the financial year ending July 2024 to meet the requirements of Section 54 of the Modern Slavery Act 2015.

LTE Group recognise that modern slavery is a significant global human rights issue and includes human trafficking. Our commitment is reflected throughout our values which are the key ideas and principals that people within our organisation and partners believe are important and they define the way we work. The Group is committed to combatting modern slavery and human trafficking and to acting with integrity in all its relationships.

Our structure

We are an exempt charity and a statutory corporation in receipt of public funds for the delivery of education and training under the regulation of the Secretary of State for Education. This statement covers LTE Group, its trading divisions, subsidiaries and joint ventures (including but not limited to The Manchester College, UCEN Manchester, Novus, MOL, Total People Ltd, LTE Professional Services Ltd, Novus Gower Ltd, Novus Transforming Lives and Novus Cambria Ltd).

Our business

The Manchester College delivers further education delivery, UCEN Manchester higher Education delivery, Novus delivers learning and skills in custodial settings, Total People delivers work based learning) and MOL blended distance learning.

Our supply chain

We buy products and services from suppliers across UK, Europe and worldwide. Some are for re-sale and others we use in our own businesses for the provision of education.

Our procurement function is responsible for sourcing the goods and services we need to run our businesses. We buy from approximately 1500 suppliers across 5 categories: Education & Learning, Property & Facilities, HR & Professional Services, Technology and Marketing. In 2023/24, we spent over £68M, mainly through our top 383 managed suppliers. Our largest spend category is Estates, which accounts for approximately 35% of our total spend. Spend > £300k per supplier is concentrated in 34 suppliers.

Identified risks and steps being taken

The Group has assessed its risk as low and identified the following areas of processing activities that may attract risk associated with modern day slavery and human trafficking:

- in its supply chains
- through the use of agency or temporary staff
- through staff recruitment
- students

Supply chains

LTE Group expects high standards from its suppliers and partners.

Through its Procurement Policy LTE Group ensures that all purchasing is based on good practice and meets its strategic objective to embed sound ethical, social and environmental policies within LTE Group's procurement function and to comply with all relevant legislation in all aspects of purchasing.

LTE Group has adopted a corporately managed and co-ordinated approach to procurement including developing robust supplier and selection mechanisms to produce quality service providers, using modern procurement practices including strategic partnering contracts, sharing services and consortium working. LTE Group work with purchasing consortia such as Crescent Purchasing Consortia, Crown Commercial Services and other such Associations who are responsible for co-ordinating procurement contract negotiations, assisting in Tendering, maintaining supplier lists, and to ensuring compliance with all relevant purchasing legislation.

The LTE Group is dedicated to procuring goods, works and services for its operating divisions without causing harm to others. In so doing, The LTE Group is committed to supporting the UK Government's approach to implementing the UN Guiding Principles on Business and Human Rights. The LTE Group procures a large amount of goods, works and services from National Frameworks, who will as part of European Tendering Legislation, have undertaken enquiries and evaluations into the wide range of products that are supplied, many of which are sourced from overseas manufacturers who operate in low-cost countries where modern forms of slavery are prevalent.

For those suppliers that fall into higher-risk areas, these will be asked to commit to the ETI Base Code of the Ethical Trading Initiative (ETI). 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.

To ensure compliance with the requirements of the Modern Slavery Act in the procurement of goods and Services, LTE Group has implemented A Supplier Code of Conduct which our suppliers and supply chain are required to comply with. This is attached as an appendix to this statement.

All purchases are subject to the LTE Group Official Purchasing Terms and Conditions.

Employment of staff through recruitment agencies and other sources

The Group recognises that a further high-risk area of modern slavery is the use of temporary staff recruited indirectly by the Group through supply agencies or recruitment agencies. When the Group requires the services of temporary staff, these staff are only sourced through established and accredited companies who can provide the Group with assurance that they comply with the requirements of the legislation.

Direct employment of staff

Although the Group recognises that the risk level is lower in respect of the direct recruitment of staff, there are robust policies and procedures in place to support Safer Recruitment in Education. The Group believes that this reduces the minimal risk of the occurrence of modern slavery by strict adherence to the Group's recruitment and selection policies and procedures. In addition, the Group has a whistleblowing policy through which concerns of any wrongdoing or malpractice can be raised.

Students

The Group has in place clear safeguarding policies and processes through which students can obtain assistance, support and advice on any concerns raised that may pose a risk to their wellbeing and also has strong external relationships with the statutory services available to minimise risk.

Policies in relations to slavery and human trafficking

We keep under review our colleague policies, procurement supplier and supply chain policies and processes, to ensure that they reflect best practice and support our objectives in this area. Our requirements are set out clearly in all of our documentation including the attached Supplier Code of Conduct and Modern Slavery is referenced in the following documents issued to suppliers and the following policies:

Supplier and Supply Chain Policies

- Doing Business with LTE Group – page 6
- LTE Group Generic Terms and Conditions – section 16
- Procurement Policy
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy

Colleague Policies

- Whistleblowing Policy
- Recruitment Policy
- Voluntary workers policy
- ED&I Policy
- Safeguarding policies
- Eligibility to work in UK

Due diligence processes

As well as the regular review of all policies which reference modern slavery and human trafficking, LTE Group undertakes the following processes to fulfil our commitments:

- Where a contract or framework agreement is being used to procure goods, works or services the Group works with the contractor/framework agreement operators who are undertaking risk management of modern slavery and human trafficking within their supply chains on behalf of the organisations using the framework.
- Where the Group is entering into a sub-contracting arrangement with partner providers, we have ensured their management and staff are aware of the objectives of the Modern Slavery Act 2015 and have appropriate safeguards in place as part of the due diligence process.
- Where a framework is not being utilised for the procurement of goods, works or services the Group undertakes a risk-based approach based on the size and scale of the organisation, with due diligence conducted as required to identify and assess potential modern slavery risks in our supply chains.
- A combination of procedures and functions operates to help identify, assess, and monitor potential risk areas in our supply chains and mitigate the risk of slavery and human trafficking occurring in our supply chain.

Measuring Effectiveness and Implementing Performance Indicators

To measure our impact this year we will:

- Supplier Engagement: review our approach to further improve our understanding of areas of risk across our supply chain and seek to identify opportunities to foster collaboration and shared learning with our Top Suppliers on modern slavery risks and challenges.
- Training and Awareness: Log the number of employees accessing modern slavery training/awareness materials.
- Investigations: Record the number of incidents and investigations conducted into reported cases of modern slavery, including internal and external investigations.

Training and capacity building on modern slavery and human trafficking

Over the next 12 months the Group will take steps to review its training programmes and what internal training is required for Group staff on issues related to modern slavery and human trafficking.

Next steps

In addition to continuing our approach as outlined above, to measure our impact this year we will:

- Supplier Engagement: review our approach to further improve our understanding of areas of risk across our supply chain and seek to identify opportunities to foster collaboration and shared learning with our Top Suppliers on modern slavery risks and challenges.
- Training and Awareness: Log the number of employees accessing modern slavery training/awareness materials.
- Investigations: Record the number of incidents and investigations conducted into reported cases of modern slavery, including internal and external investigations.
- Professional procurement staff will undertake and complete the Chartered Institute of Procurement & Supply (CIPS) e-learning module “Ethical Procurement and Supply” on a regular basis.

Overall responsibility for modern slavery sits with our Board, and our Modern Slavery Statement is signed off by our Group Chair. This statement will be reviewed annually by the Group Board .

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

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 framework of authorities governing regularity, priority and compliance, and 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 those authorities and 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 framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides, the College Finance Handbook issued in March 2024 and Managing Public Money.

I confirm that no instances of material irregularity, impropriety, funding non-compliance, or non-compliance with the framework of authorities 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: 20 December 2024

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: 20 December 2024

Statement of the Corporation's Responsibilities in Respect of the Strategic Report and the Financial Statements

The Corporation is responsible for preparing the Strategic report, Current and future development and performance, Statement of corporate governance and internal control, Statement on Modern Slavery 2023/24 and the financial statements in accordance with the Corporation's Financial Memorandum with the Education and Skills Funding Agency ("the 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 2023 to 2024 (March 2024), the College Accounts Direction 2023 to 2024 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 their 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 has 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 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.

The Corporation is responsible for the maintenance and integrity of the corporate and financial information included on the Corporation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 17 December 2024 and signed on its behalf, on 20 December 2024, by:

Philip Johnson
Chair of LTE Group Board
Date: 20 December 2024

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 Corporation") for the year ended 31 July 2024 which comprise the Consolidated and Corporation Statements of Comprehensive Income and Expenditure, Consolidated and Corporation Statement of Changes in Reserves, Consolidated and Corporation Balance Sheets, 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 2024, 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, with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education and with the College Accounts Direction 2023 to 2024.

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, and
- 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, and
- Using analytical procedures to identify any unusual or unexpected relationships.

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 adults and 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 and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to cash and those relating to revenue that were considered outside of the normal course of business.
- Risk based sample testing over the final Individual Learner Record submissions by the Group to confirm that underlying records are accurate.

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, Current and future development and performance, Statement of corporate governance and internal control, Statement on Modern Slavery 2023/24, Governing Body's statement on LTE Group's regularity, propriety and compliance with Funding body terms and conditions of funding and Statement of the Corporation Responsibilities in Respect of the Strategic Report and the Financial Statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance 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.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2023 to 2024 (March 2024) issued by the Education and Skills Funding Agency ("ESFA") we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Corporation, or
- the 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 74, 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the Group or the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

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

Report on other legal and regulatory requirements

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

Matters on which we are required to report by exception

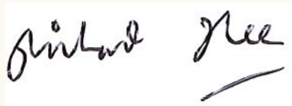
We are required by the Higher Education Accounts Direction to report to you where the Corporation has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the Corporation's expenditure on access and participation activities for the financial year disclosed in note 11 has been materially misstated.

We are also required by the Higher Education 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 8 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 for our audit work, for this report, or for the opinions we have formed.



Richard Lee
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
21 December 2024

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 ("the ESFA")

In accordance with the terms of our engagement letter dated 29 April 2022 and further to the 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 01 August 2023 to 31 July 2024 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 2023 to 2024 (August 2024) issued by the ESFA ("the Code").

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 Code. 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 Corporation during the period 01 August 2023 to 31 July 2024, as recorded in the annual financial statements of LTE Group for the same period, 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 Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics. The firm applies International Standard on Quality Management 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Approach

We conducted our engagement in accordance with the Code. 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.

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.

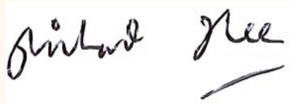
This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity and propriety consistent with the requirements of the Code.

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 Corporation during the period 01 August 2023 to 31 July 2024, as recorded in the annual financial statements of LTE Group for the same period, have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Lee

for and on behalf of KPMG LLP, Reporting Accountant

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
21 December 2024

Consolidated and Corporation Statements of Comprehensive Income and Expenditure

For the year ended 31 July 2024

	Notes	Year ended 31 July		Year ended 31 July	
		2024	2024	2023	2023
		Group	Corporation	Group	Corporation
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	3	159,709	146,767	146,001	132,621
Tuition fees and education contracts	4	16,158	12,946	16,995	13,757
Other grants and contracts	5	256	256	234	234
Other income	6	7,543	6,343	8,916	6,872
Investment income	7	964	930	483	472
Total income		**184,630**	**167,242**	**172,629**	**153,956**
Expenditure					
Staff costs (excluding FRS 102 (28) pension (credit)/ charge	9	130,792	118,211	118,947	106,460
FRS 102 (28) pension (credit)/charge & pension finance costs	27	(728)	(728)	1,547	1,547
Restructuring costs	9	363	311	66	(59)
Other operating expenses	10	35,764	32,122	36,190	30,610
Depreciation, amortisation & impairment	14, 15	8,914	8,705	11,122	10,514
Interest and other finance costs (excluding pension finance costs)	12	3,141	3,141	2,614	2,614
Total expenditure		**178,246**	**161,762**	**170,486**	**151,686**
Surplus before other gains and losses		**6,384**	**5,480**	**2,143**	**2,270**
Gain/(loss) on disposal of assets		(1)	12	3,081	3,081
Gain on investments		24	24	3	3
Surplus before tax		**6,407**	**5,516**	**5,227**	**5,354**
Taxation	13	322	-	72	-
Surplus for the year		**6,729**	**5,516**	**5,299**	**5,354**
Other comprehensive income					
Actuarial loss in respect of pension scheme	27	(728)	(728)	(15,427)	(15,427)
Actuarial gain including other experience in respect of enhanced pension provision	22	108	108	148	148
Total comprehensive income/(loss) for the year		**6,109**	**4,896**	**(9,980)**	**(9,925)**
Represented by:					
Endowment comprehensive income for the year		24	24	3	3
Unrestricted comprehensive income/(loss)		6,085	4,872	(9,983)	(9,928)
		6,109	**4,896**	**(9,980)**	**(9,925)**
Surplus for the year attributable to:					
Minority interest share		373	-	220	-
Group		6,356	5,516	5,079	5,354
		6,729	**5,516**	**5,299**	**5,354**
Total comprehensive (loss)/income for the year					
Minority interest share		373	-	220	-
Group		5,736	4,896	(10,200)	(9,925)
		6,109	**4,896**	**(9,980)**	**(9,925)**

All items of income and expenditure relate to continuing activities.

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	
	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Surplus before other gains and losses	6,729	5,516	5,299	5,354
INCOME				
Less: Minority interest	(373)	-	(220)	-
Less: Tax credit	(322)	-	(72)	-
Less: Gain on disposal of assets	1	(12)	(3,081)	(3,081)
Less/Add: Gain/(loss) on investments	(24)	(24)	(3)	(3)
Less: Releases of capital grant income	(2,253)	(2,253)	(2,698)	(2,698)
Less: Investment income	(964)	(930)	(483)	(472)
Less: Gifts and donated assets	-	-	-	-
Add: Depreciation, amortisation & impairment	8,914	8,705	11,122	10,514
Add: Interest payable and other finance costs	3,141	3,141	2,614	2,614
Add: FRS 102 (28) pension charge & pension finance costs*	(728)	(728)	1,547	1,547
Education specific EBITDA	**14,121**	**13,415**	**14,025**	**13,775**

The accompanying notes on pages 89 to 126 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
Group	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 July 2022	**270**	**127,179**	**3,407**	**130,856**	**53**	**130,909**
Surplus for the year	-	5,075	-	5,075	224	5,299
Other comprehensive loss	-	(15,279)	-	(15,279)	-	(15,279)
Transfers between endowment and income and expenditure reserves	3	(3)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	329	(329)	-	-	-
Total comprehensive income/(expense) for the year	**3**	**(9,878)**	**(329)**	**(10,204)**	**224**	**(9,980)**
Distributions paid to minority interest share	-	-	-	-	(57)	(57)
Balance at 31 July 2023	**273**	**117,301**	**3,078**	**120,652**	**220**	**120,872**
Surplus from the income and expenditure account	-	6,356	-	6,356	373	6,729
Other comprehensive loss	-	(620)	-	(620)	-	(620)
Transfers between endowment and income and expenditure reserves	24	(24)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	129	(129)	-	-	-
Total comprehensive income/(expense) for the year	**24**	**5,841**	**(129)**	**5,736**	**373**	**6,109**
Distributions paid to minority interest share	-	-	-	-	(220)	(220)
Balance at 31 July 2024	**297**	**123,142**	**2,949**	**126,388**	**373**	**126,761**
Corporation						
Balance at 31 July 2022	**270**	**127,988**	**3,407**	**131,665**	**-**	**131,665**
Surplus for the year	-	5,354	-	5,354	-	5,354
Other comprehensive income	-	(15,279)	-	(15,279)		(15,279)
Transfers between endowment and income and expenditure reserves	3	(3)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	329	(329)	-	-	-
Total comprehensive income/ (expense) for the year	**3**	**(9,599)**	**(329)**	**(9,925)**	**-**	**(9,925)**
Balance at 31 July 2023	**273**	**118,389**	**3,078**	**121,740**	**-**	**121,740**
Surplus from the income and expenditure account	-	5,516	-	5,516	-	5,516
Other comprehensive loss	-	(620)	-	(620)	-	(620)
Transfers between endowment and income and expenditure reserves	24	(24)	-	-	-	-
Transfers between revaluation and income and expenditure reserves	-	129	(129)	-	-	-
Total comprehensive income/ (expense) for the year	**24**	**5,001**	**(129)**	**4,896**	**-**	**4,896**
Balance at 31 July 2024	**297**	**123,390**	**2,949**	**126,636**	**-**	**126,636**

Consolidated and Corporation Balance Sheets

As at 31 July 2024

	Notes	Group	Corporation	Group	Corporation
		2024	**2024**	**2023**	**2023**
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Tangible fixed assets	15	221,509	220,878	200,541	200,168
Investments	16	291	1,558	267	1,534
Intangible assets	14	306	88	302	114
		222,106	**222,524**	**201,110**	**201,816**
Current assets					
Stocks		46	46	77	72
Trade and other receivables	17	29,941	29,712	21,352	20,295
Cash and cash equivalents	23	30,455	27,174	26,941	25,240
		60,442	**56,932**	**48,370**	**45,607**
Less: Creditors – amounts falling due within one year	18	(41,106)	(38,241)	(33,331)	(30,513)
Net current assets		**19,336**	**18,691**	**15,039**	**15,094**
Total assets less current liabilities		**241,442**	**241,215**	**216,149**	**216,910**
Less: Creditors – amounts falling due after more than one year	19	(113,296)	(113,209)	(94,023)	(93,946)
Provisions					
Defined pension benefit obligations	27	-	-	-	-
Other provisions	22	(1,385)	(1,370)	(1,254)	(1,224)
Total net assets		**126,761**	**126,636**	**120,872**	**121,740**
Restricted reserves					
Income and expenditure endowment reserve		297	297	273	273
Unrestricted reserves					
Income and expenditure account		123,142	123,390	117,301	118,389
Revaluation reserve		2,949	2,949	3,078	3,078
Minority interest share		373	-	220	-
Total reserves		**126,761**	**126,636**	**120,872**	**121,740**

The financial statements on pages 84 to 126 were approved and authorised for issue by the Corporation on 17 December 2024 and were signed on its behalf, on 20 December 2024, 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 2024

	Notes	Group	Group
		2024	2023
		£'000	£'000
Cash inflow from operating activities			
Surplus for the year		6,729	5,299
Adjustment for non-cash items			
Depreciation, amortisation and impairments	14, 15	8,914	11,122
Gain on investments		(24)	(3)
Decrease/(increase) in stocks		31	(13)
Increase in debtors < 1 year	17	(8,267)	(609)
Increase/(decrease) in creditors due within one year	18	2,371	(1,195)
Increase/(decrease) in deferred capital grant creditor		1,337	(815)
(Decrease) in creditors due after one year	18	(3,458)	(1,928)
Increase/(decrease) in provisions	22	178	(159)
Pensions costs less contributions payable	9, 27	(728)	1,547
Taxation	13	(322)	(72)
Adjustment for investing or financing activities			
Investment income	7	(964)	(483)
Interest payable	12	3,141	2,614
(Loss)/profit on sale of fixed assets		1	(3,081)
Net cash flow from operating activities		**8,939**	**12,224**
Cash flows from investing activities			
Proceeds from sale of fixed assets		106	12,764
Investment income	7	964	483
Capital grants receipt		20,529	4,376
Payments made to acquire fixed assets		(24,220)	(17,414)
Capitalised development expenditure		(96)	(200)
Net cash flow from investing activities		**(2,717)**	**9**
Cash flows from financing activities			
Interest paid		(2,802)	(2,375)
Interest element of finance lease rental payments	24	(57)	(39)
Capital element of finance lease rental payments	24	(330)	(1,446)
New secured loans	24	3,701	35,500
Repayments of amounts borrowed	24	(3,000)	(36,500)
Distributions paid to minority interest share		(220)	(57)
Net cash flow from financing activities		**(2,708)**	**(4,917)**
Increase in cash and cash equivalents in the year		**3,514**	**7,316**
Cash and cash equivalents at beginning of the year	23	26,941	19,625
Cash and cash equivalents at end of the year	23	**30,455**	**26,941**

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.

On the 29 November 2022, the Office for National Statistics (ONS) reclassified colleges into the central government sector. This decision encompasses providers that operate within the statutory further education sector as defined under section 91(3) of the Further and Higher Education Act 1992, and therefore is applicable to LTE Group. Related subsidiaries of LTE Group are also covered by the requirements and processes.

Following the ONS reclassification of the Group to the government sector, the Group continues to be a self-governing charity regulated by the Secretary of State for Education. However, the Group is now subject to the framework for financial management set out in Managing Public Money (MPM).

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) including MOL (blended distance learning) and LTE Group Professional Services.

LTE Group includes:

- Total People Holdings Limited ("Total People"), an independent training provider, which was acquired on 31 July 2015, and, following the integration of this business on 1 November 2021, also includes MOL;
- Novus Cambria, a joint venture with Coleg Cambria, which was incorporated on 29 September 2016;
- 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 Limited ("Novus Gower"), a joint venture with Gower College, which was incorporated on 6 July 2022; and,
- Novus Transforming Lives Limited ("Novus Transforming Lives"), a provider of prison education, which was incorporated on 24 November 2022.

Registered office:

Openshaw Campus, 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 2023-24, 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.

The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £'000.

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 2024.

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.

Past performance demonstrates the Group's ability to effectively manage financial performance and cashflow.

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 for 2024 to 2028.

The formulation of the new Strategic Plan has been an iterative process. In July 2022, the LTE Executive Team presented the first iteration of the Strategic Plan to the Group Board with the final plan due to have been approved by the Group Board in December 2022. It was important that the final 5-year Plan was not 'locked' until this date to permit time to understand how important factors, with likely influence on underpinning planning assumptions, would be impacted by the election of a new prime minister (in September 22), the formation of a new cabinet with a potential shift in priority spending areas and / or new ministers in each of LTE's core sectors, who may have introduced different agendas or priorities for reform. In addition, the macro-economic environment remained a cause for concern, with an escalating economic crisis and high and persistent inflation.

On 29 November 2022, the Office for National Statistics (ONS) reclassified colleges into the central government sector. LTE Group is now subject to the framework for financial management set out in Managing Public Money.

At a summary level as the Group was setting out its new strategic plan, it was faced with both a substantial change in its operating environment, new funding arrangements, new intervention powers, new stakeholders, and a fundamental shift in its operating context from new approvals, new processes, governance, guidance, and compliance frameworks. Significant parts of the planned strategy had to be tested, re-tested and settled before we could formally set the plan and make forward commitments.

The strategy for 2024-2028, approved by the Group Board in July 2023 has established a set of new key strategic themes informed by both regional and national policy with all our organisation predicting a significant level of change in the near term 1-2 years and 3 years+, not least as reform will disrupt the sectors we operate within. Unpredictability continues to be the key theme in assessing our sectors, particularly with a further election pending within the next 18 months. We have therefore adopted a 2+3 approach for the purposes of financial planning.

Detailed operational planning underpins the financial budgeting process each year, ensuring that the financial income targets and associated costs are derived from robust curriculum and operational plans.

Income and cost contingencies are built into the financial plan to mitigate and aid management of any unanticipated in year financial impacts. The Budget for 2023/24 and the Plan for 2024/25 provide for a greater level of central contingency than in normal years, this will 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. Contingency levels have been maintained above pre pandemic levels.

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, which includes no further contract wins or renewals including no retention of business as part of the PES contract award 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 sticky and persistent 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, whilst borrowing has been lower than plan and reduced year on year.

The public sector refinancing of our existing revolving credit facilities with commercial lenders completed in July 2023. This replaced the revolving credit facilities previously with Santander with 2 DfE backed loans, a £16.5m DfE refinancing loan (replacing monies drawn) and a £15.6m capital loan facility (available to 31 March 2025) for Phase 1 and Phase 2 of which the first £2.5m was received in July 2023. Further development funding will be drawn down from this DfE capital loan facility to support remaining expenditure on Phase 1 and the Phase 2 estates build.

All Phase 1 disposals have been completed, with disposal proceeds exceeding business case. Marketing activity has commenced for Phase 2 disposals, with a significant level of interest.

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.

Funded education and apprenticeship services

Turnover from funded education and apprenticeship services is measured by reference to the stage of completion, including learners on-programme payments and the stage of entering gateway. Turnover represents the amount of work done in the year including amounts accrued at year-end in respect of learners who have reached gateway. An appropriate provision is made in respect of expected withdrawals. The final income is determined with the conclusion of the year-end reconciliation process with the funding body following the year-end.

Fee income

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

Investment income

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

Agency arrangements

The Group acts as an agent in the collection and payment of certain discretionary support funds. Related payments received for the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group is exposed to minimal risk or enjoys minimal economic benefit related to the transaction and are shown separately in note 29.

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 2023. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved.
- Asset capacity increases.
- Substantial improvement in the quality of output or reduction in operating costs.
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

Equipment

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

• Fixtures and fittings	3 years - 10 years
• Electronic equipment	4 years - 7 years
• 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.

- 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.

- Product development costs

Product development costs are recognised as intangible assets and are amortised over the life of the commercial contract to which they relate.

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 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 27, 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2024. 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.

3. Funding body grants

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Recurrent grants				
ESFA - adult education budget	2,969	383	3,964	281
ESFA - 16-18	41,367	39,442	35,717	33,798
GMCA - adult education budget	17,308	16,666	17,580	16,943
Office for Students (OfS)	554	554	530	530
Specific grants				
Other funding body - MoJ/YJB/MCC/ ESFA	90,110	82,322	80,978	73,839
Teacher Pension Scheme contribution grant	4,755	4,754	4,008	4,006
Releases of government capital grants	2,253	2,253	2,698	2,698
Other funds	393	393	526	526
Total	**159,709**	**146,767**	**146,001**	**132,621**

4. Tuition fees and education contracts

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Adult education fees	2,843	1,185	3,818	1,206
Apprenticeship contracts	36	-	32	-
Fees for FE loan supported courses	1,038	1,037	1,396	1,382
Fees for HE loan supported courses	8,112	8,112	8,599	8,599
Total tuition fees	12,029	10,334	13,845	11,187
Education contracts	4,129	2,612	3,150	2,570
Total	**16,158**	**12,946**	**16,995**	**13,757**

5. Other grants and contracts

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Other grant income	256	256	234	234
Total	**256**	**256**	**234**	**234**

6. Other income

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Residencies, catering and conferences	1,765	1,765	1,591	1,591
Other income generating activities	2,176	(3)	2,091	-
Other income*	3,602	4,581	5,234	5,281
Total	**7,543**	**6,343**	**8,916**	**6,872**

**This includes wider provision relating to prison education £2,225k (2023: £3,308k) miscellaneous income £559k (2023: £1,234k), rental income £614k (2023: £427k),and exam fee income £204k (2023: £265k)*

7. Investment income

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Interest receivable	964	930	483	472
Total	**964**	**930**	**483**	**472**

8. Grant and fee income

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Grant income from the OfS	773	773	709	709
Fee income for taught awards (exclusive of VAT)	8,112	8,112	8,599	8,599
Total	**8,885**	**8,885**	**9,308**	**9,308**

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.

9. Staff costs - Group and Corporation

For the year ended 31 July 2024

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

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	No.	No.	No.	No.
Teaching staff	1,837	1,655	1,870	1,666
Non-teaching staff	1,316	1,164	1,332	1,167
Total	**3,153**	**2,819**	**3,202**	**2,833**
Staff costs for the above persons				
Staff costs for the above persons	**2024**	**2024**	**2023**	**2023**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	97,259	86,723	89,349	78,773
Social security costs	9,721	8,672	8,858	7,792
Other pension costs - excluding FRS 102 (28) pension charge	18,633	18,134	15,765	15,229
Payroll sub total	**125,613**	**113,529**	**113,972**	**101,794**
Contracted out staffing services	5,179	4,682	4,975	4,666
	130,792	**118,211**	**118,947**	**106,460**
FRS 102 (28) pension (credit)/charge	(710)	(710)	2,902	2,902
	130,082	**117,501**	**121,849**	**109,362**
Restructuring costs				
Contractual	363	311	11	(109)
Non contractual	-	-	55	50
	130,445	**117,812**	**121,915**	**109,303**

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's 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

	2024	2023
	No.	No.
The number of key management personnel including the Accounting Officer was:	7	8

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			
	2024		2023		2024		2023	
	ESFA	OfS	ESFA	OfS	ESFA	OfS	ESFA	OfS
	No.	No.	No.	No.	No.	No.	No.	No.
£60,001 to £65,000 p.a.	-	-	-	-	19	17	17	13
£65,001 to £70,000 p.a.	-	-	-	-	15	14	9	9
£70,001 to £75,000 p.a.	-	-	-	-	4	8	13	8
£75,001 to £80,000 p.a.	-	-	1	-	12	7	9	7
£80,001 to £85,000 p.a.	-	-	1	1	5	6	2	7
£85,001 to £90,000 p.a.	-	1	-	-	9	5	3	6
£90,001 to £95,000 p.a.	1	-	-	-	5	7	6	2
£95,001 to £100,000 p.a.	-	-	-	-	1	3	2	-
£100,001 to £105,000 p.a.	-	-	-	-	-	-	1	1
£105,001 to £110,000 p.a.	-	-	-	-	1	1	-	2
£110,001 to £115,000 p.a.	-	-	-	-	2	2	2	1
£115,001 to £120,000 p.a.	-	-	1	-	-	-	3	1
£120,001 to £125,000 p.a.	-	-	-	-	2	1	1	4
£125,001 to £130,000 p.a.	-	-	-	-	2	2	2	1
£130,001 to £135,000 p.a.	-	-	-	-	1	3	-	1
£135,001 to £140,000 p.a.	-	-	-	-	2	-	-	-
£140,001 to £145,000 p.a.	-	-	-	3	1	1	1	-
£145,001 to £150,000 p.a.	-	-	-	1	1	1	-	-
£150,001 to £155,000 p.a.	-	2	-	-	-	1	1	-
£155,001 to £160,000 p.a.	-	2	1	-	-	-	-	-
£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.	1	-	-	-	-	-	-	-
£180,001 to £185,000 p.a.	-	1	-	-	-	-	-	-
£185,001 to £190,000 p.a.	-	-	-	-	-	-	-	-
£190,001 to £195,000 p.a.	1	-	-	-	-	-	-	-
£195,001 to £200,000 p.a.	-	-	-	-	-	-	-	-
£200,001 to £205,000 p.a.	-	-	-	-	-	-	-	-
£205,001 to £210,000 p.a.	-	-	-	-	-	-	-	-
£210,001 to £215,000 p.a.	-	-	-	1	-	-	-	-
£215,001 to £220,000 p.a.	1	-	-	-	-	-	-	-
£220,001 to £225,000 p.a.	-	-	-	-	-	-	-	-
£225,001 to £230,000 p.a.	-	1	-	-	-	-	-	-
£230,001 to £235,000 p.a.	-	-	-	-	-	-	-	-
£235,001 to £240,000 p.a.	-	-	1	-	-	-	-	-
£240,001 to £245,000 p.a.	-	-	-	-	-	-	-	-
£245,001 to £250,000 p.a.	1	-	-	-	-	-	-	-
	7	**7**	**8**	**7**	**82**	**79**	**72**	**63**

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.

Key management personnel compensation is made up as follows:

	2024	2023
	£'000	**£'000**
Basic Salary	1,081	1,078
Performance related pay and bonus	79	68
Payment in lieu of pensions	-	25
Payment in lieu of notice and redundancy	81	-
Other including benefits in kind	28	30
	1,269	**1,201**
Pension contributions	205	173
Total emoluments	**1,474**	**1,374**

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:

	2024	2023
	£'000	**£'000**
Basic Salary	225	216
Performance related pay and bonus	17	15
Payment in lieu of pensions	-	25
Other including benefits in kind	8	8
	250	**264**
Pension contributions	40	10
Total emoluments	**290**	**274**

As of 1 December 2018, the Accounting Officer left the LGPS pension scheme and received a pension cash option in lieu. In 2022/23 this totalled £25k.

As of 1 May 2023, the Accounting Officer rejoined the LGPS pension scheme and from this date onwards no longer received a pension cash option in lieu.

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

The remuneration package of the Accounting Officer is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance. An external review of market salaries was last conducted in full in December 2022 with an independent third party organisation, the Accounting Officer's salary benchmarked below many other organisations, many of whom were smaller in scope and scale.

In 2022/23 executive base pay awards including the Accounting Officer, were made at the lowest level in the Group. For 2023/24 executive base pay changes were aligned with colleagues in the Manchester College, UCEN and all Group Functions (including Group Professional Services). The recommendation of the Remuneration committee to the Group

Board was that for 2023/24 following the confirmation of increased funding from the DfE and against a backdrop of 2 years of high inflation a salary increase of 7% consolidated and 1.25% unconsolidated would be appropriate for the Accounting Officer in line with other colleagues (2022/23 this was restrained, at a 1.25% vs other colleagues who were awarded 2.7% consolidated)

In turn the Board reiterated that the Accounting Officer should continue to have some elements of remuneration based on scorecard performance. An assessment against the metrics included within the performance scorecard for 2023/24 was evaluated by the Remuneration Committee and recommended to the Group Board , which resulted in a payment based on performance. The benefits in kind received by the Accounting Officer comprise a car allowance for business need car.

The Accounting Officer's performance against objectives, alongside the performance of the Group as one of the largest education and training providers in the UK and a view of market positioning with peers from wider public sector organisations, is considered annually by the remuneration committee.

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

	2024	2023
Accounting Officer's (CEO) basic salary as a multiple of the median of all staff	6.7	7.0
Accounting Officer's (CEO) total remuneration as a multiple of the median of all staff	7.7	7.9

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

Severance Payments

In 2023/24, the Group have made 92 severance payments (2023: 110 payments)*, disclosed in the following bands:

Band	Number of colleagues	
	2024	2023 (Restated)*
£nil to £25,000	91	109
£25,001 to £50,000	-	1
£50,001 to £100,000	-	-
£100,001 to £150,000	1	-
£150,000+	-	-
Total	**92**	**110**

Included in these 92 severance payments are special severance payments totalling £7,160. Individually, the payments were: £5,160 and £2,000. (2023: 110 severance payments and special severance payments totalling £37,245. Individually, the payments were: £19,290, £7,065, £5,127, £5,000 and £763)*.

** During 2024, it was identified that severance payments for colleagues who had been paid compensation when their role was no longer required by the organisation had been excluded from the severance payments note in the prior year ended 31 July 2023. As a consequence, the number of severance payments had been understated by 81. This has been corrected by restating the number of severance payments for the prior period.*

Compensation Payments

In 2023/24, the Group have made 1 compensation payment (2023: no payments), disclosed in the following bands:

Band	Number of colleagues	
	2024	2023
£nil to £25,000	1	-
£25,001 to £50,000	-	-
£50,001 to £100,000	-	-
£100,001 to £150,000	-	-
£150,000+	-	-
Total	**1**	**-**

10. Other operating expenses

For the year ended 31 July 2024

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Teaching costs	13,066	11,040	12,581	10,547
Non-teaching costs	17,871	16,669	17,764	14,559
Premises costs	4,827	4,413	5,845	5,504
Total	**35,764**	**32,122**	**36,190**	**30,610**

Other operating expenses include:

	2024	2024	2023	2023
	Group	Corporation	Group	Corporation
	£'000	£'000	£'000	£'000
Auditors' remuneration:				
Financial statements audit	300	218	257	175
Internal audit	59	59	57	57
Other services provided by external auditors - Teachers' Pension certification	6	6	4	4
Other services provided by external auditors - tax advice and services	48	48	30	30
Other services provided by external auditors - tax services	12 *	12 *	19 *	19 *
Other services provided by internal auditors - subcontracting review	7	4	28	14
Other services provided by internal auditors - grant audit	13	13	7	7
Other services provided by internal auditors - provision of e-learning content	-	-	2	2
Profit / (Loss) on disposal of non-current assets	(1)	12	3,081	3,081
Hire of other assets Plant & Mach- operating leases	879	853	656	643
Hire of other assets - operating leases	569	348	920	726

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

The amounts disclosed above are inclusive of VAT. Excluding VAT, the charge for the 2023/24 financial statements audit is £250k (2022/23: £214k).

11. Access and participation spending (Group and Corporation)

For the year ended 31 July 2024

	2024	2023
Access investment	**£'000**	**£'000**
Pre 16	92	92
Post 16	68	69
Adults and communities	50	54
Other	13	13
Total access investment	**223**	**228**
Financial support	193	247
Support for disabled students	31	31
Research and evaluation	-	-
Total	**447**	**506**

£270k (2022/23: £309k) of the above are staff costs and included within note 9.
The published Access and Participation Plan can be accessed via https://accessandparticipationplans.officeforstudents.org.uk/accessplansdownloads/2024/LTEGroup_APP_2020-21_V2_10023139.pdf

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

For the year ended 31 July 2024

	2024	2023
	£'000	**£'000**
On bank loans, overdrafts and other loans	3,023	2,527
On finance leases	57	39
Enhanced pension provision costs	61	48
	3,141	**2,614**

13. Taxation (Group)

For the year ended 31 July 2024

	2024	2023
	£'000	**£'000**
Deferred tax in the accounts of the subsidiary company	(322)	(72)
Total	**(322)**	**(72)**

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.

14. Intangible assets (Group)

For the year ended 31 July 2024

	Goodwill	Other	Website	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or valuation				
At 1 August 2023	1,078	1,250	373	2,701
Additions	-	96	-	96
Disposals	-	-	-	-
At 31 July 2024	**1,078**	**1,346**	**373**	**2,797**
Amortisation				
At 1 August 2023	1,078	1,062	259	2,399
Charge for the year	-	66	26	92
Impairments	-	-	-	-
At 31 July 2024	**1,078**	**1,128**	**285**	**2,491**
Net book value at 31 July 2024	**-**	**218**	**88**	**306**
Net book value at 31 July 2023	-	188	114	302

The impairment loss recognised on intangible assets in the year was £nil (2023: £332k) and is included in amortisation in the consolidated income statement.

Other intangibles are being amortised over the life of the commercial contract to which they relate.

Website costs are being amortised over 10 years.

Intangible fixed assets (Corporation only)

For the year ended 31 July 2024

	Website
	£'000
Cost or valuation	
At 1 August 2023 and at 31 July 2024	**373**
Amortisation	
At 1 August 2023	259
Charge for the year	26
At 31 July 2024	**285**
Net book value at 31 July 2024	**88**
Net book value at 31 July 2023	114

15. 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 2023	220,433	1,029	4,281	39,220	264,963
Additions	(4,151)	-	26,042	8,006	29,897
Transfers	3,901	-	(4,193)	292	-
Disposals	(1,107)	-	-	(9,254)	(10,361)
At 31 July 2024	**219,076**	**1,029**	**26,130**	**38,264**	**284,499**
Depreciation					
At 1 August 2023	38,716	285	-	25,421	64,422
Charge for the year	4,245	20	-	4,557	8,822
Elimination in respect of disposals	(1,013)	-	-	(9,241)	(10,254)
At 31 July 2024	**41,948**	**305**	**-**	**20,737**	**62,990**
Net book value at 31 July 2024	**177,128**	**724**	**26,130**	**17,527**	**221,509**
Net book value at 31 July 2023	181,717	744	4,281	13,799	200,541

At 31 July 2024, freehold land and buildings included £23,825k (2023: £23,825k) in respect of freehold land and is not depreciated.

The net carrying amount of assets held under finance leases included in equipment is £3,185k (2023: £530k).

The impairment loss recognised on tangible fixed assets in the period was £nil (2023: £735k). In 2023 this charge was included in depreciation in the consolidated income statement.

The Freehold additions reported are negative, due to a successful zero-rated construction relief claim made by LTE Group during 2023/24. This claim relates to the new build City Centre Campus Phase 1 Project, where part of the building is used solely for charitable purposes.

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 2023	220,433	1,029	4,281	37,553	263,296
Additions	(4,151)	-	26,042	7,592	29,483
Transfers	3,901	-	(4,193)	292	-
Disposals	(1,107)	-	-	(8,485)	(9,592)
At 31 July 2024	**219,076**	**1,029**	**26,130**	**36,952**	**283,187**
Depreciation					
At 1 August 2023	38,716	285	-	24,127	63,128
Charge for the year	4,245	20	-	4,414	8,679
Elimination in respect of disposals	(1,013)	-	-	(8,485)	(9,498)
At 31 July 2024	**41,948**	**305**	**-**	**20,056**	**62,309**
Net book value at 31 July 2024	**177,128**	**724**	**26,130**	**16,896**	**220,878**
Net book value at 31 July 2023	181,717	744	4,281	13,426	200,168

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 2024, freehold land and buildings included £23,825k (2023: £23,825k) in respect of freehold land and is not depreciated.

The net carrying amount of assets held under finance leases included in equipment is £3,185k (2023: £530k).

The impairment loss recognised on tangible fixed assets in the period was £nil (2023: £735k). In 2023 this charge was included in depreciation in the consolidated income statement.

The Freehold additions reported are negative, due to a successful zero-rated construction relief claim made by LTE Group during 2023/24. This claim relates to the new build City Centre Campus Phase 1 Project, where part of the building is used solely for charitable purposes.

16. Investments

Group

	2024	2023
Investments carried at fair value through the Statement of Comprehensive Income	291	267
NBV at 31 July	**291**	**267**

Corporation

	2024	2023
Investments in subsidiary companies	3,015	3,015
Investments carried at fair value through the Statement of Comprehensive Income	291	267
Impairment	(1,748)	(1,748)
	1,558	**1,534**

Total People Holdings Limited

On 31 July 2015 The Manchester College 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*

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 Limited

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.

Novus-Transforming Lives Limited

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

17. Debtors

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade receivables	5,816	4,274	6,611	4,056
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,807	-	3,691
Prepayments and accrued income	23,115	22,527	13,864	12,478
Other debtors	882	104	523	70
Amounts owed by the ESFA	128	-	354	-
Total	**29,941**	**29,712**	**21,352**	**20,295**

Group trade receivables are stated net of a doubtful debt provision of £1,543k (2023: £1,576k). During the year, trade debtors totalling £210k were written-off (2023: £67k).

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 £1,517k from Total People (2023: £2607k). 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 2024. The remaining balance is expected to be paid thereafter and hence is considered to be non-current.

18. Creditors

Amounts falling due within one year

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3,583	3,583	2,958	2,958
Obligations under finance leases	666	666	189	189
Payments in advance	672	155	508	137
Trade payables	865	695	2,077	1,880
Other taxation and social security	2,538	2,310	3,068	2,802
Accruals and deferred income	23,886	22,346	16,645	15,252
Deferred income - government capital grants	3,765	3,765	2,428	2,428
Amounts owed to the ESFA (Learner support funds)	1,289	1,205	1,301	1,202
Amounts owed to the ESFA (Grants)	126	-	-	-
Other creditors	3,716	3,516	4,157	3,665
Total	**41,106**	**38,241**	**33,331**	**30,513**

19. Creditors

Amounts falling due after more than one year

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Bank loans	45,825	45,825	45,708	45,708
Obligations under finance leases	2,426	2,426	341	341
Deferred income - government capital grants	64,267	64,267	47,328	47,328
Other	778	691	646	569
Total	**113,296**	**113,209**	**94,023**	**93,946**

20. Maturity of Debt

Bank loans

Bank loans and overdrafts are repayable as follows:

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
In one year or less	3,583	3,583	2,958	2,958
Between one and two years	21,437	21,437	3,583	3,583
Between two and five years	9,000	9,000	25,563	25,563
In five years or more	15,388	15,388	16,562	16,562
Total	**49,408**	**49,408**	**48,666**	**48,666**

Loans are with Santander £19,646k (2023: £20,855k), with The Council of the City of Manchester (MCC) £8,062k (2023: £8,811k) and with the Department for Education (DfE) totalling £21,701k (2023: £19,000k). The Santander and MCC loans are secured by a legal charge on a portion of the freehold land and buildings of the Group.

Santander loan

£24,410k from Santander was recognised on inception of the loan, with a loan drawdown of £25,000k 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 25 August 2020 this loan was at a variable interest rate of LIBOR + 2.5% margin. From 26 August 2020 a fixed rate of 0.16% + 2.5% margin was agreed, up until and including 29 August 2023. From 30 August 2023 onwards this loan is now at a variable interest rate of 2.5% margin + SONIA (non-cumulative 5 day lag basis) + a credit adjustment spread of 0.1193%. Loan termination/refinancing year is February 2026. However, given there are no breakage costs, the Group intends to seek the early refinancing of this loan with the DfE. This is because, given that the Public Work Lending Board (PWLB) rates are favourable to commercial lending rates this would represent better value for money for the public purse. At year end the loan balance was £19,646k (2023: £20,855k).

The Council of the City of Manchester (MCC) loan

In February 2019, £17,000k from MCC was recognised on inception of the loan, and then during the 2019/20 financial year a further £1,045k of accrued interest was capitalised and added to the principal 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 31 March 2035. At year end the balance was £8,062k (2023: £8,811k).

Department for Education (DfE) refinancing loan

In July 2023, £16,500k from DfE (refinancing loan) was recognised on inception of the loan. This was for an original term July 2023 to January 2040, at the Public Works Loan Board (PWLB) standard rate of 4.97% (reviewed on each anniversary of 1 April). On the 1 April 2024, the PWLB standard rate increased to 5.60%. Loan to be fully repaid by 18 January 2040. At year end the balance was £15,500k (2023: £16,500k).

The Group has agreed a repayment holiday on the principal element of the loan with the Department for Education (DfE) for the period from October 2024 to July 2025. The principal amount for this period will become immediately repayable upon the disposal of the Shena Simon Campus. As the disposal is expected to complete in 2024/25, the amounts repayable within one year as at 31 July 2024 remain unchanged.

Department for Education (DfE) capital loan

In July 2023, £2,500k (of a total facility of £15,600k) from DfE (capital loan) was recognised on inception of the loan. This was for an original term July 2023 to July 2037, at the Public Works Loan Board (PWLB) standard rate of 4.97% (reviewed on each anniversary of 1 April). On the 1 April 2024, the PWLB standard rate increased to 5.60%. In 2023/24, there has been a further drawdown of the loan of £3,701k, with £9,399k of the facility remaining undrawn. Loan to be fully repaid by 18 July 2037. At year end the balance was £6,201k (2023: £2,500k).

The Group has agreed a principal repayment holiday with the Department for Education (DfE) for the period April to July 2025. The principal for this period becomes immediately payable upon the disposal of the Shena Simon Campus, expected to complete in 2024/25. As a result, amounts repayable within one year as at 31 July 2024 remain unchanged.

Finance Leases

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

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
In one year or less	666	666	189	189
Between one and two years	638	638	189	189
Between two and five years	1,418	1,418	169	169
In five years or more	680	680	-	-
Total	**3,402**	**3,402**	**547**	**547**

The £3,402k total obligation (2023: £547k) represents the amount of future cash payments to which the Group is committed.

This includes £310k (2023: £17k) of interest that will be incurred over the remaining life of the leases, which is not included in the liability at 31 July 2024.

21. 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
		2024	2024	2023	2023
		£'000	£'000	£'000	£'000
Financial assets measured at fair value through income and expenditure:					
Investments (non - current)	16	291	291	267	267
Financial assets measured at amortised cost:					
Trade receivables	17	5,816	4,274	6,611	4,056
Other receivables	17	21,283	19,853	11,764	9,755
Amounts owed by subsidiary undertakings	17	-	2,807	-	3,691
Total		**27,390**	**27,225**	**18,642**	**17,769**
Financial liabilities measured at amortised cost:					
Loans	18 / 19	49,408	49,408	48,666	48,666
Finance leases	18 / 19	3,092	3,092	530	530
Trade payables	18	865	695	2,077	1,880
Other payables	18	20,893	19,654	18,188	16,550
Total		**74,258**	**72,849**	**69,461**	**67,626**

22. Other Provisions

Group			2024	2023
	Enhanced pensions	Other	Total	Total
	£'000	£'000	£'000	£'000
At 1 August 2023	1,224	30	1,254	1,513
Expenditure in the period	(127)	(15)	(142)	(211)
Additions in the period	-	320	320	52
Interest cost	61	-	61	48
Actuarial (gain) / loss	(43)	-	(43)	(148)
Other experience	(65)	-	(65)	-
At 31 July 2024	**1,050**	**335**	**1,385**	**1,254**

Other provisions include:

i. legal provisions relating to costs from past events that are expected to be incurred within the next one to three years. Typically, these cover potential or on-going legal claims and represent management's best estimate of expected future cashflows. No separate disclosure is made of the detail of such claims, the assumptions used to calculate the amount provided or the uncertainties relating to the range of possible outcomes considered, because in management's view, to do so could seriously prejudice our position and

ii. property provisions which are held for onerous contractual obligations for leasehold properties that are not planned to be used for ongoing operations.

Corporation	Enhanced pensions	Other	2024 Total	2023 Total
	£'000	£'000	£'000	£'000
At 1 August 2023	1,224	-	1,224	1,453
Expenditure in the period	(127)	-	(127)	(129)
Additions in the period	-	320	320	48
Interest cost	61	-	61	(148)
Actuarial (gain) / loss	(43)	-	(43)	
Other experience	(65)	-	(65)	
At 31 July 2024	**1,050**	**320**	**1,370**	**1,224**

Other provisions are in respect of legal provisions relating to costs from past events that are expected to be incurred within the next one to three years. Typically, these cover potential or on-going legal claims and represent management's best estimate of expected future cashflows. No separate disclosure is made of the detail of such claims, the assumptions used to calculate the amount provided or the uncertainties relating to the range of possible outcomes considered, because in management's view, to do so could seriously prejudice our position.

The enhanced pension provision relates to the cost of colleagues who have already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2024	2023
	%	%
Price inflation	2.8	2.8
Discount rate	4.8	5.0

23. Cash and Cash Equivalents

Group	At 1 August 2023	Cash flows	At 31 July 2024
	£'000	£'000	£'000
Cash and cash equivalents	26,941	3,514	30,455
Total	**26,941**	**3,514**	**30,455**

Corporation	At 1 August 2023	Cash flows	At 31 July 2024
	£'000	£'000	£'000
Cash and cash equivalents	25,240	1,934	27,174
Total	**25,240**	**1,934**	**27,174**

24. Consolidated Reconciliation of Net Debt

	At 1 August 2023	Cash Flows	New Finance Leases	Non-cash changes	At 31 July 2024
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	26,941	3,514	-	-	30,455
Bank loans	(48,666)	(701)	-	(41)	(49,408)
Obligations under finance leases	(530)	387	(2,892)	(57)	(3,092)
Net debt	**(22,255)**	**3,200**	**(2,892)**	**(98)**	**(22,045)**

Analysis of Debt

	2024	2023
	£'000	£'000
Cash and cash equivalents	30,455	26,941
Borrowings: amounts falling due within one year		
Bank loans	(3.583)	(2,958)
Obligations under finance leases	(666)	(189)
	(4,249)	**(3,147)**
Borrowings: amounts falling due after more than one year		
Bank loans	(45,825)	(45,708)
Obligations under finance leases	(2,426)	(341)
	(48,251)	**(46,049)**
Net debt	**(22,045)**	**(22,255)**

25. Capital Commitments

	Group and Corporation 2024	2023
	£'000	£'000
Commitments contracted for at 31 July	8,308	3,308

Of the total commitments, £8.3m, £7.4m relates to the estates strategy build contracts (2023:£1.6m), the committed funding of which comprises of DfE grant, DfE Loan (see note 20) and disposal receipt.

26. Lease Obligations

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

	Group	Corporation	Group	Corporation
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Future minimum lease payments due				
Land and buildings				
Not later than one year	394	330	338	338
Later than one year and not later than five years	1,126	1,126	775	775
Later than five years	-	-	177	177
	1,520	**1,456**	**1,290**	**1,290**
Other				
Not later than one year	1,938	1,938	2,430	2,430
Later than one year and not later than five years	2,096	2,096	1,990	1,990
Later than five years	-	-	80	80
	4,034	**4,034**	**4,500**	**4,500**

27. Defined Benefit Obligations

The Group and Corporation's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the GMPF Scheme (LGPS) for non-teaching staff, which is managed by Tameside MBC. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2024	2023
	£'000	£'000
Teachers' Pension Scheme: contributions paid	12,665	10,420
Local Government Pension Scheme:		
Contributions paid	5,535	4,856
FRS 102 (28) charge	(710)	2,902
Charge to the Statement of Comprehensive Income	**4,825**	**7,758**
Other schemes	433	489
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total pension cost for the year within staff costs	**17,923**	**18,667**

Contributions amounting to £2,249,946 (2023: £2,002,035) were payable to the schemes at 31 July 2004 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 2020. The valuation report was published by the Department for Education (the Department) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

In 2023/24, as a result of the March 2020 valuation, new employer contribution rates increased in April 2024 by 5% to 28.6% of pensionable pay, with the Group receiving a teachers' pension employer contribution grant to support the increase in the employer contribution to the teachers' pension scheme. This support was also provided before April 2024 to support the 7.2% increase in the employer contribution from 16.48% to 23.68% that came into effect on 1 September 2019.

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

The pension costs paid to TPS in the year amounted to £10,420,000 (2022: £9,797,000).

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 2024 was £7,510,000 (2023: £6,695,000) of which employers' contributions totalled £5,535,000 (2023: £4,905,000) and employees' contributions totalled £1,975,000 (2023: £1,790,000). 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 2022 updated to 31 July 2024 by a qualified independent actuary.

	At 31 July 2024	At 31 July 2023
Future pensions increases	2.55%	2.80%
Rate of increase in salaries	2.09%	2.76%
Discount rate for scheme liabilities	5.10%	5.08%

LTE Group continuously monitors ongoing developments in UK pension law that could have wider implications for defined benefit pension schemes.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others concerning the validity of certain historical pension changes due to the lack of actuarial confirmations required by law.

In July 2024, the Court of Appeal dismissed Virgin Media Limited's appeal against aspects of the June 2023 decision, reaffirming the earlier ruling. Given the potential implications of this case for similar pension schemes, the LTE Group, like many others and along with the Pension Fund Administering Authority are closely monitoring developments to assess whether there could be any impact on Local Government Pension Scheme (LGPS) Funds, including the Greater Manchester Pension Fund.

At present, LTE Group is not aware of any material impact arising from this case and, therefore, does not consider it necessary to make an allowance for its potential implications in these financial statements.

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 2024	At 31 July 2023
	Years	**Years**
Retiring today		
Males	19.6	19.6
Females	23.3	23.3
Retiring in 20 years		
Males	21.2	21.2
Females	24.6	25.6

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 above ages represents the latest Fund valuation at the balance sheet date.

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

	At 31 July 2024	At 31 July 2023
Equities	68%	70%
Bonds	15%	14%
Property	9%	8%
Cash	8%	8%
	100%	**100%**

The Group's share of the assets in the scheme is estimated to be £276,690,000 at 31 July 2024 and £256,459,000 at 31 July 2023.

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

	2024	2023
	£'000	**£'000**
Fair value of plan assets	276,690	256,459
Present value of plan liabilities	(192,267)	(187,896)
Net pensions asset	**84,423**	**68,563**
Effect of 'asset ceiling' (see below)	(84,423)	(68,563)
Net pensions asset	**-**	**-**

The net pensions asset per the actuarial valuation report was £84,423,000 (2023: £68,563,000 asset). However, in line with FRS102 requirements regarding recognition of a defined benefit pension surplus, £nil has been recognised (2023: £nil).

A consistent methodology to that adopted in 2023 was used to determine whether a pension asset should be recognised. This methodology complies with the relevant applicable accounting standards and compares the net present value of future service costs and future contributions relating to benefit accrual, measured over the remaining future working lifetime of the Group's active employees. As the future contributions relating to benefit accrual are greater than the future service costs the 'asset ceiling' is zero and therefore no pension asset has been recognised.

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

	2024	2023
	£'000	**£'000**
Amounts included in staff costs		
Current service cost	4,744	6,965
Past service cost	81	842
Total	**4,825**	**7,807**
Amounts included in interest income		
Net interest (credit) / charge	(18)	(1,355)
	(18)	**(1,355)**
Amount recognised		
Employer contributions	(5,535)	(4,905)
FRS 102 (28) pension (credit) / charge & pension finance costs	**(728)**	**1,547**

Amounts recognised in Other Comprehensive Income (OCI)

	2024	2023
	£'000	£'000
Changes in financial assumptions	10,689	52,985
Changes in demographic assumptions	-	3,362
Other experience	(6,751)	(18,971)
Return on pension plan assets	7,711	(6,693)
	11,649	**30,683**
Effect of 'asset ceiling'	(12,377)	(46,110)
Amount recognised in Other Comprehensive Income	**(728)**	**(15,427)**

Movement in net defined benefit asset during the year

	2024	2023
	£'000	£'000
Surplus in scheme at 1 August	68,563	39,427
Movement in year:		
Current service cost	(4,744)	(6,965)
Employer contributions	5,535	4,905
Past service cost	(81)	(842)
Net interest credit	3,501	1,355
Actuarial gain	11,649	30,683
	84,423	**68,563**
Effect of 'asset ceiling' - prior year	(68,563)	(22,453)
Effect of 'asset ceiling' - current year	(12,377)	(46,110)
Interest on the effect of the 'asset ceiling'	(3,483)	-
Net defined benefit asset at 31 July	**-**	**-**

Asset and Liability Reconciliation

	2024	2023
	£'000	£'000
Defined benefit obligations at start of the year	187,896	236,638
Current Service cost	4,744	6,965
Interest cost	9,515	8,470
Contributions by Scheme participants	1,975	1,790
Changes in financial assumptions	(10,689)	(52,985)
Changes in demographic assumptions	-	(3,362)
Experience losses/(gains) arising on defined benefit obligations	6,751	(2,434)
Estimated benefits paid	(8,006)	(8,028)
Past Service cost	81	842
Defined benefit obligations at end of period	**192,267**	**187,896**

Changes in fair value of plan assets

	2024	2023
	£'000	£'000
Fair value of plan assets at start of the year	256,459	276,065
Interest on plan assets	13,016	9,825
Return on plan assets	7,711	(6,693)
Other experience	-	(21,405)
Employer contributions	5,535	4,905
Contributions by Scheme participants	1,975	1,790
Benefits paid	(8,006)	(8,028)
Fair value of plan assets at end of the year	**276,690**	**256,459**

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme obligations are set out below:

Change in assumptions at 31 July 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	3,727
1 year increase in member life expectancy	4%	7,691
0.1% increase in the Salary Increase Rate	0%	98
0.1% increase in the Pension Increase Rate (CPI)	2%	3,717

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

28. 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. 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 £739; 4 Governors (2023: £1,593; 4 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor Meetings and charity events in their official capacity. The total expenses paid to or on behalf of the Co-Optees during the year was £768; 3 Co-Optees (2023: £1,557; 3 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 £51,453; 11 Governors (2023: £35,584; 9 Governors). The total remuneration paid to Co-Optees during the year was £21,548; 8 Co-Optees (2023: £20,625; 7 Co-Optees).

Novus Cambria

During the year the parent company LTE Group incurred expenses and made payments on behalf of the company totalling £248,719 (2023: £448,108) and took cash receipts on behalf of the company of £327 (2023: £1,375).

During the year the company paid a distribution of earnings of £118,021 (2023: £84,768) to LTE Group.

At 31 July 2024 £82,010 (2023: £208,924) was owed to LTE Group and is included in Amounts owed to group undertakings (note 17).

Novus Gower

During the year the parent company LTE Group incurred expenses and made payments on behalf of the company totalling £3,036,246 (2023: £2,107,435) and took cash receipts on behalf of the company of £nil (2023: £1,986,804).

During the year the company paid a distribution of earnings of £212,157 (2023: £nil) to LTE Group.

At 31 July 2024 £942,432 (2023: £120,631) was owed to LTE Group and is included in Amounts owed to group undertakings (note 17).

Novus - Transforming Lives

During the year the parent company LTE Group incurred expenses and made payments on behalf of the company totalling £1,173,609 (2023: £474,590) and took cash receipts on behalf of the company of £425,115 (2023: £nil).

During the year the company paid a distribution of earnings of £155,410 (2023: £nil) to LTE Group.

At 31 July 2024 £191,512 (2023:£474,590) was owed to LTE Group and is included in Amounts owed to group undertakings (note 17).

Total People

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £1,009,371 (2023: £1,060,732) and took cash receipts on behalf of the company of £123,104 (2023: £1,059,950).

During the year the company incurred expenses and made payments on behalf of LTE Group totalling £70,199 (2023: £306) and took cash receipts on behalf of the company of £128,497 (2023: £nil).

At 31 July 2024, £2,918,045 (2023: £2,607,472) was owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 17).

At 31 July 2024, £131,438 was owed by Total People Holdings Limited to the company (2023: £131,438) and £13,372 was owed by The Total Apprenticeship Training Company Limited to the company (2023: £13,372).

The Board of LTE Corporation have approved the elimination of part of the intercompany balance amounting to £1,401,501, relating to the historic transfer of costs over a multi-year period following the transfer of the apprenticeship unit from LTE Corporation to Total People Limited in 2015/16.

LTE Professional Services

During the year, the parent company, LTE Group incurred expenses and made payments on behalf of the company totalling £140,623 (2023: £288,258) and took cash receipts on behalf of the company of £nil (2023: £8,640).

At 31 July 2024, £73,728 (2023: £94,649) was owed to LTE Group in respect of these transactions and is included in Amounts owed by group undertakings (note 17).

The City and Guilds of London Institute

During the year, LTE Group made payments of £641,112 to City and Guilds relating to exams costs in Manchester College. The Chair of The Manchester College Board is the Chair of City & Guilds of London Institute. City and Guilds is a world leader in skills education. They work with employers, colleges, training provider and governments to set the standards for skills and give people and organisations the capabilities to prosper in future. City & Guilds is an educational organisation, founded by the City of London, operating under royal charter. It is a registered charity. The Manchester College independently built curriculum plans which best suits learner provision and syllabus and apply to awarding bodies for approval to deliver these qualifications, many of which are specialist to curriculum areas. City and Guilds are 1 of 22 awarding bodies which Manchester College transact with in delivering educational provision. These are arm's length transactions, in which the College is assessed for approval to determine if we are suitable delivery partners. Spend with City Guilds across LTE Group was £1.5m, of which £609,769 relates to Novus, spend by Novus is as per the Prison Education Framework (PEF) contract. We are contracted, under the PEF MoJ contract, to utilise the prescribed Common Awarding Bodies procured by the MoJ .

Collab Group

During the year, LTE Group made payments of £500 to Collab Group, in respect of its annual membership fees. The CEO of LTE Group was the Chair of Collab Group. Collab Group was a UK-wide body of FE Colleges who worked together to promote and further the interests of the college sector's large providers and provided solutions to the UK skills challenges. It was dissolved on 31 December 2023.

29. Amounts Disbursed as Agent

Learner support funds	2024	2024	2023	2023
	Group	Corp	Group	Corp
	£'000	£'000	£'000	£'000
Funding body grants – bursary support	3,669	3,496	3,476	3,329
Funding body grants – discretionary learner support	2,850	2,850	2,881	2,880
Other Funding body grants - free school meals	332	321	299	292
	6,851	**6,667**	**6,656**	**6,501**
Disbursed to students	(5,329)	(5,233)	(5,114)	(5,062)
Administration costs	(234)	(229)	(241)	(237)
Balance unspent as at 31 July, included in creditors	**1,289**	**1,205**	**1,301**	**1,202**

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.

30. Events After End of Reporting Period

On 11 December 2024, LTE Group entered into a 6-month+6-month contract variation with the MOJ in respect of its Prison Education Contract for its Novus business unit. The contract extension is for a minimum period of 6 months commencing 1 April 2025, with the second 6-month extension period at the discretion of the MOJ.

On 27 September 2024 the MOJ confirmed who had been successful in terms of being on the Panel in relation to its Prison Education Service Framework contract. The contract award outcome, in terms of which provider has been successful for each of the tendered lots is anticipated to be communicated in March 2025.

On 30 August 2024 Novus settled the remaining 23 months of its contract with the MOJ in relation to HMP Cookham Wood which was repurposed from youth to adult in May 2024.

On 6 December 2024 we exchanged unconditional contracts with Shena Simon Estates Limited, a Special Purpose Vehicle incorporated and registered in the Isle of Man, this Special Purpose Vehicle set up by Active Rest Management (SARL), itself a private limited company incorporated in Monaco on 26 August 2021 which acts as a family office for the Oliver Cookson Foundation. Following exchange, this disposal will complete on 30 April 2025, with LTE Group entering in a short-term leaseback arrangement until 30 September 2025 at a peppercorn rent.

LTE group®

Learning | Training | Employment

The Manchester College® be amazing

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TOTAL PEOPLE LEADERS IN LEARNING®

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