



Report and Financial Statements

For the year ended 31 July 2021

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Reference and Administrative Details

Board of Governors

Richard Noah (Chair)
 Rosie Darkin Miller (Vice Chair – resigned 30/12/2020)
 Nigel Evans (Principal – CEO from 01/01/2021*)
 Julia Howe (Principal from 01/09/2021)
 Stephen Webb
 Jane Nicklen
 Lynda Bourne
 Rodney Davis
 Louise Matthews (Associate Member from 01/6/2021)
 Jacqui Gerrard (joint Vice Chair from 02/02/2021)
 Andrew Matthews (joint Vice Chair from 02/02/2021)
 Jack Dickson
 Chris Brooke - resigned 12 October 2021
 Ian Bates
 Peter Vowles
 Megan Barnes
 Jade House
 Lucas McCallum – resigned 13/07/2021
 Jenny Stiling (Associate Member)
 Angela Neuberger (Associate Member from 30/03/2021)
 Jason Vaughan (from 13/07/2021)
 Ian Girling (from 13/07/2021)

Clerk/Company Secretary: Sue Ratcliffe

Senior Leadership Team

Nigel Evans	-	Principal and Chief Executive until 31/12/2020
Nigel Evans	-	Chief Executive from 01/01/2021 – 31/12/2021*
Julia Howe	-	Principal and Chief Executive from 01/09/2021
Julia Howe	-	Vice Principal Quality until 31/12/2020
Julia Howe	-	Interim Principal from 01/01/2021 until 31/08/2021
Kelly Bush	-	Vice Principal Curriculum and Quality
Phil Templeton	-	Vice Principal Funding and Operations
Robert Cole	-	Vice Principal Finance and HR
Natalie Merry	-	Assistant Principal from 01/09/2021
Sue Ratcliffe	-	Clerk to the Corporation

*gardening leave period from 01/09/2021-31/12/2021

Principal and Registered Office

Cranford Avenue, Weymouth, Dorset DT4 7LQ

Professional advisors

External auditors
 Solicitors
 Bankers

Moore SW (Bath)
 Blake Morgan (contract) Nantes,
 Allied Irish Bank

Strategic Report

OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Weymouth College for the year ended 31 July 2021.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for conducting Weymouth College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Weyco Services Limited is a subsidiary to the Group and in 2019, absorbed the business of continuing to provide sports facilities at Redlands Sports Centre and the Redlands Sports Hub Limited was dissolved.

Mission

The Weymouth College Board regularly reviews the College's mission and educational character, and the extent to which it is aligned with the wider strategic priorities of national, regional and local government, the skills needs of the local and regional business community and the individual education and training needs of the local people.

The College's mission is '*Creating Opportunities for all*' with a vision to '*deliver excellence in education and training across Dorset: we will transform lives, improve social mobility, and provide skills that lead to employment and contribute to a thriving and recovering local economy*'. This follows the launch of Weymouth College's new strategy for 2021 to 2024.

Impact of COVID19

At the start of the 2020/21 academic year, the College reopened and has continued to follow Government advice to ensure full access and face-to-face teaching for students. The College experienced disruption to commercial-related activities resulting in reduced income and financial challenges.

Due to the ongoing COVID19 pandemic and following Government advice, the College closed its doors to students and staff on the 4th January 2021 and delivered remote teaching and learning up to the 5th March 2021.

The College employed all appropriate social distancing and personal protective equipment measures to ensure continued student learning this academic year. Weymouth College remains proactive in informing students, staff, parents and all other stakeholders of COVID19 developments that affect the College community.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main College site at Cranford Avenue, Redlands Community Sports Centre, a town centre site at 106 St Mary Street and office and classroom space at the Weymouth and Portland National Sailing Academy.

Financial

The Group has £17,943,000 of net liabilities (including £23,220,000 pension liability) and debt of £3,815,000, the profile of which is shown in note 15.

People

The Group employs 400 people (expressed as a head count) (2020: 451) and remains one of the largest employers in the local area. 164 are teaching staff (2020: 180).

Student enrolment

The College enrolled approximately 2,807 students. The college's student population includes 1,960 FE students, 472 apprentices, 117 higher education students, and 258 full cost learners / leisure learners.

Reputation

The College has continued to improve its reputation both locally and nationally. The achievement of a 'Good' Ofsted judgment in March 2020 and a QAA 'grade 2' for higher education programmes has been central to enhancing its local reputation. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

The College works closely with local Secondary Schools (formerly the Chesil Partnership) and continues to network with local and regional employers to ensure newly established Centres of Excellence (Motor Vehicle, Engineering and Construction) and the curriculum meets the needs of employers and the business community.

Apprenticeships have been a significant focus and the success of the Weymouth College brand in terms of both enrolments and achievements has allowed the College to go from strength to strength in its employer engagement work.

STAKEHOLDER RELATIONSHIPS

The Board operates on behalf of its ownership, which it defines as:

Those people of Weymouth and Portland and the wider South and West Dorset area who share an interest in the long-term availability and quality of post 14 education and training.

Weymouth College therefore has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- F.E. Commissioner;
- Staff;
- Local employers;
- Local authorities;
- Local Enterprise Partnerships (L.E.P);
- The local community;
- Multi-agency groups;
- Community groups;
- Other FE institutions;
- Local schools;
- Trade unions;
- Financial institutions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site, newsletters, targeted PR activity and meetings.

Public Benefit

Weymouth College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 20 to 22.

In setting the College's new strategic objectives for its 2021 to 2024 strategy, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and, particularly, upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate explicitly that their aims are for the public benefit.

The Board operates a policy governance model, on behalf of its ownership, which it defines as:

Those people of Weymouth and Portland and the wider South and West Dorset area who share an interest in the long-term availability and quality of post 14 education and training.

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

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

DEVELOPMENT AND PERFORMANCE

Financial results

The Group generated a deficit before other gains and losses in the year of £839,000 (2019/20 – deficit of £1,849,000), with total comprehensive income of £1,931,000 (2019/20 - total comprehensive expense of £9,229,000). This result is after charging:

Result before other gains and losses	(£839,000)
Net interest on defined pension liability	(£326,000)
FRS 102 (28) charge	(£1,248,000)
Enhanced pension charge	<u>(£13,000)</u>
Total defined pension charges	(£1,587,000)
Result excluding defined pension charges	£748,000

At the balance sheet date, the Group had negative accumulated reserves of £20,447,000 and cash balances of £1,062,000. The Group wishes to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £1,717,000. The College has been successful with several Local Enterprise Partnership grant funded capital bids (Motor Vehicle

Centre of Excellence, Engineering Centre of Excellence). The College has kept all other capital expenditure to a minimum reflecting the need to strengthen cash balances.

Due to the COVID19 pandemic and College closure in January, February and early March, the financial accounts reflect the loss of commercial income which was mitigated by Government grants and College savings.

Commercial operations affected included WeyCo catering, Redlands (leisure centre), National Citizenship Service (leisure activities) and College lettings. The College also reports a significant decline in planned Apprenticeship starts during the Autumn, following the lengthy Summer 2020 lockdown which affected all sector areas served by the Employer Services and Apprenticeship team.

The College experienced a net loss of £340k between 23rd March and 31st July 2020 in the previous financial year and through a proactive dialogue with the ESFA on cash flow projections, the College negotiated an advance in re-profiled 16-18 funds of £300k in July 2020, noted as creditors < 1 year in the financial accounts and a further £40k advance in August 2020. These funds, totalling £340k were repaid to the ESFA in December 2020 (£200k) and May 2021 (£140k).

Student growth in FE and HE courses, improved FE funding rates and a significant increase in EHCP commissioned places is leading the College's financial recovery for the 2020/21 financial year with an improved ESFA financial health grade that is expected to stabilise in 2021/22 and further improve with the College's 3 year budget plan.

Curriculum developments

In order to achieve the breadth of provision that our community requires we will continue to work with partners (both regional and national) to improve the experience for our learners.

Significant provision in 14 of the 15 subject sector areas is offered at the College. We offer a range of higher education courses as well as apprenticeships and workplace learning with 94% of the College's provision aligned to either Local Enterprise Partnership (L.E.P.) or Local Authority (L.A.) priorities.

In preparation for the College's Motor Vehicle Centre of Excellence and Engineering Centre of Excellence, the College hosted a number of employer meetings to research curriculum delivery and investment in new capital resources to ensure both Centres of Excellence provide outstanding facilities and student outcomes that will benefit the local business community.

Reserves

The College currently holds no restricted reserves. As at the balance sheet date, the Income and Expenditure account reserve, excluding the pension deficit, stands at £2,773,000 (2020: £2,014,000). It is the Board's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

Sources of income

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, the FE funding bodies provided 80% of the Group's total income. Projections for 2021/22 indicate FE funding increasing as a percentage of total income due to student growth and a decline in commercial income due to the ongoing COVID19 pandemic.

Group Companies

The College has one subsidiary company – WeyCo Services Limited.

Weyco Services Limited provide catering, grounds maintenance and cleaning services to the College. In addition, WeyCo also includes Redlands Sports Hub for leisure services to the local community. Discussions continue with Dorset Council to seek a managed exit of Redlands due to leisure services not meeting the principal activities of the company. WeyCo Services Ltd is a wholly owned subsidiary supported financially by the College.

The majority of commercial income affected by COVID19 was from WeyCo (catering and leisure provision). The subsidiary accounts confirm a loss on ordinary activities before taxation of £13,620 and WeyCo Directors continue to review all operations within the WeyCo subsidiary to assess value for money for the College community.

FUTURE PROSPECTS

Developments

The College continuously reviews its curriculum offer to ensure that it meets the needs of learners and other stakeholders, including employers. This includes the formal Corporation review of curriculum planning which drives the College budget setting process.

The College is also reviewing Apprenticeship courses as more courses move towards 'standards' from 'frameworks'. The College's Employability Services Team continues to liaise with local employers to develop Apprenticeship provision to meet business community needs.

The LEP investment in Motor Vehicle (£250k), Engineering (£300k) and the Construction Centre (£825k) has provided the College with greater capacity for learner numbers and course provision whilst learner numbers continue to increase.

The College has also invested LEP funds to refurbish the Higher Education Centre with updated teaching, ICT and study spaces to accommodate the growing number of H.E. learners.

The College is working in partnership with Dorset Council for 16-18 Education Health Care Plan (EHCP) student numbers as the College has experienced significant growth from 80 learners in 2019/20 to 130 learners in 2020/21 and over 160 learners for 2021/22. The College has submitted a LEP expression of interest bid to develop building and resource capacity in College for future 16-18 EHCP provision. The College continues to work with local stakeholders to secure vital capital funding to meet the demand of student growth.

Financial plan

The College prepared a 3-year budget plan in July which was approved by Corporation. This followed the College's new Strategic Plan and curriculum plan review in the summer term.

The Finance & Resources Committee received monthly management accounts that note the various actions put in place by the Senior Team to achieve a financial out-turn that significantly

exceeded 2020/21 budget plans. Financial out-turn for 2020/21 confirmed an EBITDA exceeding £1.2m following the College's review of reforecast budget plans, efficiency savings due to lockdowns, accessing the Job Retention Scheme (furlough) grant, other COVID19 support grants and an upturn in commercial income during the summer.

Corporation received a 3-year budget plan confirming a stable and gradual improvement in financial performance that reflects the lagged effect of 16-19 student growth and prudent projections on resourcing and assumptions for other income as the College (and the FE sector) returns to pre-pandemic activity.

The College's budgeted EBITDA for 2021/22 stands at £836k (6%) with reforecast budgets underway with indications of improvement to circa. £900k (7%).

Cash flow projections confirm improvements in resilience around March and July with cash days in hand averaging at 25 days with a low point of 20 days. Since the January 2021 lockdown, the College has ensured that all creditors have been paid within agreed payment terms with cash flow projections expecting this position to remain consistent going forward.

The College repaid debt and interest of over £900k in 2020/21 with total debt at 28% of turnover at year-end. Debt repayments for 2021/22 stand at £648k and total debt projected at 22% by year-end.

The College's 3-year financial plan provides the Corporation with assurance that improvements in financial health will enable ongoing debt repayments whilst also strengthening cash reserves.

COVID19

The ESFA accepted Weymouth College's 2021/22 Financial plan and this confirms the positive trend reported in 2020 of improving College financial health due to the lagged impact of 16-18 student growth. This good financial news has been noted by the FE Commissioner's team following reviews between December 2020 and September 2021.

Budget plans for 2021/22 included a cautious view of commercial income, despite an upturn in commercial income in the summer. The College has seen improvements in funding body grants – now standing at 80% of total income (was 73% in 2020/21) which in turn also assists with cash flow planning.

With 16-18 enrolment at circa. 1,350 students for 2021/22, budget forecasts for 2021/22 present continued improvements with financial health and greater capacity when combined with College strategic plans to address resource demands, staffing and pay, and ongoing debt commitments.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

All borrowing requires the authorisation of the Board and shall comply with the requirements of the Financial Memorandum and College Financial Regulations. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the Education and Skills Funding Agency (ESFA).

Cash flows and liquidity

At £1,230,000, net cash inflow from operating activities was positive (2019/20: £80,000 net cash outflow).

The ESFA did not call for the TU loan capital and interest payment of £100k and £41k respectively in July and this repayment was made in August, thus affecting year-end reporting and cash flow.

The College made repayments of £353,000 of AIB loans during the financial year and the repayment of £340,000 ESFA advanced funds, as previously reported.

Total borrowing relative to turnover now stands at 28% (2020: 35%). Based on 2021/22 budget plans, total borrowing relative to turnover should reduce to 22% and to 17% by 2022/23.

The College has accessed capital investment via the LEP of £2m for the College estate and the Construction Centre of Excellence (new build).

Reserves

The College does not have a formal Reserves Policy, but recognises the importance of reserves in the financial stability of an organisation, whilst ensuring that adequate resources are provided for the College's core business.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the College's assets and reputation. This also follows an internal audit review in July 2021 on key financial controls during the lockdown period, the College's effectiveness during remote working, and the College's ongoing ability to strategically manage cash flow, debtors, and creditors.

Based on the Strategic Plan, the Senior Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They also identify systems and procedures, including specific management controls / actions, which should mitigate any potential impact on the College.

Annually, the extended College Management Team work with SLT members to assess the risks of the College not achieving its objectives for the forthcoming year, existing systems and procedures are identified together with any additional actions required to further mitigate the risk in question. Risks are scored using an impact, likelihood and residual risk scores subsequently being categorised as significant, contingent or low.

The College risk register is configured such that gross risk and net risk can be easily identified. The register is compiled annually and reviewed on a termly basis by both the SLT and the Audit Finance Committee to ensure that mitigating controls and planned further controls are being implemented as appropriate. The risk register forms the basis of the audit needs assessment compiled by the College Internal Auditor.

In addition to the annual review, the SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the College or risks which materialise as a consequence of the work of the college Internal Auditor.

The table below outlines the key risks that have faced the College in 2020/21 together with an analysis of how effective the implementation of mitigating controls has been in reducing risk.

Risk register 2020/21

Ref	Risk Description	Performance in 2020/21
1	COVID19 Safety and wellbeing of students, staff and visitors whilst delivering face-to-face teaching. Financial risks of further lockdown.	<p>The College has followed all Government guidelines for remote learning during Spring 2021 term and face-to-face teaching.</p> <p>Social distancing and personal protective equipment (PPE) employed throughout College (in line with Government guidance) for students, staff and visitors.</p> <p>College capital investment for additional laptops to support students with on site and remote learning.</p> <p>Clear and consistent College communication with all stakeholders for safe working / learning practices and reporting of COVID19 cases.</p>
2	Maximisation of Student Recruitment	<p>The College saw an increase in 16-18 learners for September 2020 to 1,377 (1,291 in 2019). Student numbers for 2021 are projected at 1,350. Apprenticeship numbers have also started to increase as the College engages with local employers and various sectors come out of COVID lockdown. The College has gained new Apprenticeship contracts and continues to explore new 'remote' delivery for Adult Education, which is seeing an upturn in learner recruitment.</p>
3	Promotion of the College's Reputation	<p>The Ofsted visit in March 2020 under the new framework confirmed that the Weymouth College is a GOOD Further Education College. This follows the GOOD Ofsted report from 2015. Student satisfaction rates remain high and improving. Partnership working with employers has been strengthened and has been evidenced through the support given to the College as various L.E.P. funding bids (totalling £2m) have been awarded over the last year. Regular briefings with staff and students continue to keep all stakeholders fully apprised of College achievements and news.</p>
4	Financial Sustainability	<p>The College has produced comprehensive management accounts throughout 2020/21 and was quick to appraise the adverse impact of COVID19 in the Spring. The College accessed all Government funding initiatives with a daily review / projection of cash flow and regular monthly meetings with the ESFA and meetings with the FE Commissioner Team.</p> <p>College financial health for EBITDA, solvency and borrowing all improved during 2020/21 with the College financial health score rising to 'Good' from an 'Inadequate' score in 2019/20.</p>

		Cash flow remains a focus for the College as the main financial health indicator (liquidity).
5	Safety and Wellbeing of Students and Staff	<p>Learner surveys have indicated that 92% feel safe. Regular monitoring reports on safeguarding issues. Accident and incident reports indicate positive trends. Endorsed by periodic reviews of internal audit service. Achievement rates for students receiving Additional Learning Support and from B.M.E. backgrounds are high. Regular staff communications and access to professional advice.</p> <p>A proactive and highly regarded Student Support Team that includes dedicated 'Not in education, employment or training' (NEETs) support and youth health champion provision.</p> <p>Whole College approach to student wellbeing including the 'students at risk' group has enabled excellent student retention rates and ensuring students are enrolled on the correct course.</p>
6	Staff recruitment and retention	Staff turnover for 2020/21 was 12% and within College performance targets. The College has managed vacancies proactively and sought new apprenticeship positions to support levy funding and 'grow and develop' own staffing.
7	Capital funding	The College has successfully managed a new build extension for the Construction Centre of Excellence between November 2020 and May 2021. Delays with supplies due to COVID19 and BREXIT have impacted the HE Centre.

In addition to those shown above, the College is aware of certain sector-wide risks that may impact on the College in the future:

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies and through OfS. In 2020/21, 92% of the College's revenue was ultimately publicly funded and this level of requirement is expected to increase due to student growth and improved FE 16-18 funding rates. There can be no absolute assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding:

- Changes to the funding methodology and/or funding rates;
- Implementation of devolution deals and the potential transfer of responsibilities for adult skills funding to combined authorities;
- Enrolment performance and the impact of lagged funding;
- The impact of a potential recurrent Government agreement for increased FE funding rates.

The College seeks to mitigate these risks by keeping tight control of all expenditures; by maintaining and increasing income streams from other sources (e.g. provision of school meals by Weyco; National Citizenship Service provision by the Sailing Academy; Skills Support for the Workforce); and by a proactive marketing and recruitment strategy aimed at securing growth in student enrolments.

Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Weymouth College has set its classroom based tuition fees in accordance with the fee assumptions. For students aged over 24, most higher-level courses are now eligible for a student loan. The risk for the College is that demand is impacted by resistance to fee rates or the prospect of a loan.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students;
- Close monitoring of the demand for courses and effective use of bursary funds where these are available;
- Reviewing the cost base for full cost provision where delivery is off-site;
- Maintaining adequate funding of pension liabilities.

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

The Local Government Pension Scheme (LGPS) for staff on support contracts is administered by Dorset Council. The actuarial assumptions relating to the fund resulted in a gain of £2,863,000 (2019/20: £7,380,000 loss).

The Teacher Pension Scheme (TPS) is an unfunded defined benefit scheme. A notional value is ascribed to the scheme for the purposes of determining contribution rates.

KEY PERFORMANCE INDICATORS

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website, which looks at measures such as achievement rates. The College is also required to complete the annual Finance Record for the ESFA.

Key performance Indicator	Measure/Target	Actual for 2020/21
Student number targets – 16-18	1,320	1,393
Student achievement	90%	91.8%
EBITDA as % of income	5%	10%
Debt as % of turnover	28%	28%
Adjusted Solvency ratio	0.6	0.8
College Financial health	Requires Improvement 160 points	Good 200 points
SAR rating	Good	Good

Student achievements

Students continue to prosper at the College. Achievement rates remained high in 2020/21, 88% of students moved into employment, further or higher education after they completed College.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to report on payment performance. During the accounting period 1 August 2020 to 31 July 2021, the college paid 69% of its invoices within 30 days. The college incurred no interest charges in respect of late payment for this period.

Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We:

- hold as a guiding principle the belief that all people are of equal worth;
- practise Equality and Diversity in everything we do;
- aim to foster an environment where everyone is treated with dignity, fairness and respect according to their needs;
- celebrate diversity and the individuality of each and every member of the College;
- commit to eliminating bullying and harassment, prejudice and stereotyping.

Weymouth College is committed to complying with its duties under the Equality Act 2010; we are working to remove all barriers to people accessing the College. This includes any staff, students, visitors and external partners of the College.

This Single Equality Scheme (S.E.S.) is a statement of our strong commitment and continuing approach to delivering equality of opportunity for all staff, students and visitors to the College. It is closely aligned to the College's strategic priorities. The principles set down in the S.E.S. are fundamental to building a more inclusive learning organisation which sees Equality, Diversity and Inclusivity as a dynamic driver for change and which takes the Equality Act 2010 to its heart.

We aim to be open to all sections of the community and to be a truly inclusive organisation where individual differences are respected, where staff and students are treated solely on their merits, and where everyone has a fair opportunity to fulfil their potential. We welcome the new statutory duties under the Equality Act 2010 which asks public authorities to take a proactive approach to the promotion of equality, diversity and inclusivity. Including the three due regards:

- eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

Weymouth College has used positive initiatives to make our services, policies, practices and buildings as accessible as possible. The S.E.S. highlights our progress to date, where there are gaps, where we can make improvements in policy and practice, and our new responsibility to promote equality in all aspects of our work.

We have involved students, staff, managers and external organisations through a range of activities and initiatives in developing the S.E.S. The feedback from staff, students and external partners has enabled us to prioritise key actions, which will enable us to develop and enhance

the extensive services and support we already offer. We will also take a fresh look at those areas which require new initiatives.

Our S.E.S provides the essential framework for promoting and embedding equality across all areas of our work. It will enable us to provide a positive and lasting difference to the experiences of current and potential students, staff and external partners and those who would like to join us as students and employees. This will also provide the opportunity for Weymouth College to attract and retain talented staff and students and enhance our diversity and competitiveness in the changing and dynamic further and higher education environment.

Our work to date on this has been recognised and the College has achieved Investors in Diversity stage 1 accreditation.

The aim of the S.E.S. reflects the College's commitment to the general duties of eliminating direct or indirect discrimination, promoting equality of opportunity for all.

Disability statement

The College is committed to promoting the practice of fairness and to eliminating inequality based on the grounds of age, disability, learning needs, family responsibility, marital status, culture, ethnicity, nationality, religious beliefs, gender, sexual orientation, trade union activity, unrelated criminal convictions, or other irrelevant criteria. We aim to recognise and value the contribution made by each individual to our learning environment.

The College strives to ensure that all staff and learners, whether existing or potential, receive fair treatment with their application and in terms of their retention, achievements and employability, not least in relation to under-represented groups within the community.

Trade Union facility time

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 employed	FTE employee number
429	300

Percentage of time	Number of employees
0%	298
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£3,032
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Total pay bill	£10,019,635
Percentage of total bill spent on facility time	0.03%
Time spent on paid trade union activities as a percentage of total paid facility time	0.03%

Going concern

The Transaction Unit approval in March 2019 to restructure the College's previous BIS loan resulted in additional funds of £400,000 and a total loan of £2,419,000 being re-profiled for repayment over an 8-year term. This prudent approach to repayment operates alongside the current Bank loans and provides the College the opportunity to review Financial plans in conjunction with College future strategic plans.

The impact of COVID19 and its wide-reaching effect on the economy and the Further Education sector is well documented and the additional financial support provided to Weymouth College by the ESFA and AIB bank has enabled the College to remain in operation, whilst under lockdown measures. The College has repaid the ESFA advance of funds of £340k during the 2020/21 financial year and the year-end AIB waiver letter for bank loans confirms the ongoing positive working relationship with the College.

The College has repaid loans and made interest payments of circa £900k in the year and continues to see:

- (1) Student growth at 16 to 18 and for Higher Education courses with learner numbers stabilising for 2021/22;
- (2) Improvements in cash flow projections following savings in 2020/21 and improved financial resilience for March 2022 when College cash flow mirrors the lower funding streams at this time of year;
- (3) Full year financial savings in 2021/22 of withdrawal from leased premises at Poundbury.

College financial health, as calculated by the ESFA, is expected to be 'Requires Improvement' for 2021/22 with scope to improve towards 'Good' to reflect the College's managed exit of Redlands .

The Board therefore considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College maintains positive and frequent dialogue with AIB Bank with the covenant waiver letter confirmed at 31st July 2021. Annual reviews take place with AIB Bank with financial plans / EBITDA sufficient to repay planned Bank loan capital and interest payments.

EVENTS AFTER THE REPORTING PERIOD

The College has been successful with Local Enterprise Partnership capital bids for the Higher Education capital refurbishment for £250,000. Delays in supplies as at 31st July 2021 confirms that some final capital spend will be incurred after year-end. **Implementation of strategic plan**

In July 2021 the College adopted a new Strategic Plan for the period 1 August 2021 to 31 July 2024. This strategic plan includes curriculum, environment, finance, investment for growth, partnership, people and quality strategic priorities. The Board monitors the performance of the College against Operational Plans in each area with key performance indicator measures.

Strategic Objectives

The College's continuing strategic objectives are:

- To provide excellent education and training that is creative, innovative, and provides students with employability and life skills, whilst delivering occupational competencies needed by employers to support economic recovery and growth.
- To be committed to the promotion and delivery of sustainable practices that positively impact on climate change emergency, through organisational, staff and student understanding and participation, leading change through partnerships.
- To secure and sustain long-term financial health for the College, by developing a robust business model which reviews, identifies and creates opportunities for both income growth and operational efficiency, moving the College to Good Financial Health.
- To provide a sustainable foundation for futureproofing and growth, aligning with regional and local economic visions, skills priorities and agendas.
- To be recognised as a collaborative college, building positive and effective partnerships with businesses, the community, stakeholders and providers.
- To attract, recruit, develop and retain exceptional staff and governors who represent the College by embodying College values and behaviours, contributing to an open, honest and transparent culture.
- To strengthen good and excellent practice, by setting ambitious expectations for high staff and student performance, that delivers excellence in education and training.
- To drive up performance and the standard of provision through a 'high expectation, high achievement' culture;

Financial objectives

The Board approved a revised set of objectives for 2021/22 to reflect the College's circumstances. The overarching objective is to deliver Good financial health to the College.

The 2021/22 priorities and progress against them is summarised below:

Devising a financial strategy that will ensure that the College has a clear financial operational plan, demonstrating effective and efficient practices to achieve financial resilience.

- Lead on the Redlands lease exit.
- 3-year budget plan to FY24 demonstrating trajectory to GOOD financial health.

Stabilising the College in response to the impact of the Covid-19 pandemic, and building on opportunities to deliver economic recovery initiatives.

- Re- assess the 'base' College budget following curriculum plan review.
- Seek opportunities for growth to further improve College financial health.
- Maximise National Skills Fund, Kickstart, Restart, SWAP opportunities.

Horizon scanning to maximise and diversify existing activity, through the identification of new funding opportunities for both independent and new partnership delivery arrangements.

- Gas Test Centre income.
- Expand School meal contracts back to 12 (from 9).
- Investigate further options for remote delivery with employers.
- Consider bid-writing services from Dorset Council.
- Investigate EPAO activity.

Delivering value for money by ensuring efficient and effective use of all services and resources through a robust annual curriculum planning cycle, coupled with cross-College business activity reviews.

- Accessing Procurement frameworks to support significant investment decisions.
- Curriculum plan delivers affordable staffing budget.
- Continuous cycle of trading activity reviews.

Defining Key Performance Indicators, monitored through robust governance, to provide clarity in measuring the progress and health of the College to reduce risk, initiate early intervention and improve the College's financial position.

- Develop online KPI dashboard.
- Approve KPIs for 2020/21 budget that demonstrate improvements in College financial health.
- KPI dashboard with graphics.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

In line with the Government's guidance to all schools and College's, the closure on the 23 March 2020 due to the COVID19 pandemic and a repeat lockdown for all Colleges between 4th January 2021 and 5th March 2021 has had a significant adverse impact on College finances.

College financial health for 2019/20 was confirmed as 'Inadequate' based on the ESFA's grading review for financial performance, borrowing and solvency. As noted, additional financial support was provided by the ESFA (advance of funds) and AIB (3-month loan moratorium).

The College's 2020/21 out-turn position confirms the College's improved financial health of "Good", as a result of the lagged effect of student growth and improvements in FE 16-18 funding. The College's 3-year financial plan presents a sustained period of financial stability which reflects student growth.

In 2020/21 the College has delivered activity that has produced £9,911k in funding body main allocation funding (2019/20 – £8,394k).

Student numbers

Student numbers are now stable following recent growth with 16-19 learner numbers at circa 1,350 (1,382 in 2020 and 1,291 in 2019). There has been year on year growth with students with Educational Health Care Plans as the College collaborates with Dorset Council for EHCP provision at 16 to 19 and 19+.

Student achievements

Students continue to prosper at the College. Achievement rates rose again in 2020/21; from 86% in 2014/15 to 91.8% in 2020/21.

Whilst the College's financial position has continued to be a strong focus for the Board, the College has sought to minimise the impact of cost reduction measures on the student experience and outcomes. As a result, and since September 2014, strong curriculum performance has continued to be effectively delivered and monitored with performance at very high levels. In terms of performance for 2020/21, the College has continued to place the students at the centre of 'what it does'. As a result, the College is able to report Outstanding achievement rates of 91.8% across College.

The College continues to build a strong reputation regionally and nationally. It is worth emphasising that, despite the financial challenges Weymouth College has faced since 2014/15, it has nevertheless been successful in not only continuing to improve its achievement rates, but also continuing to gain a number of awards and kite marks. This includes being awarded an AoC Beacon Award for Sport and Public Services in 2016/17, in addition to the 2 AoC national Beacon Awards achieved in the previous year and being shortlisted for a fourth in Practical Teaching and Learning in Health and Social Care for 2017/18, shortlisted for a TES award as recognition of this best practice in Sport 2018/19, and most recently with BTEC Star Awards for both Sport and Exercise Science and Construction in the built environment students. The College has seen the re-accreditation of the Sports Leaders Academy status, re-accreditation of Matrix, and Investors in Careers.

2020/21 UCAS applications were high at 247, with 93% being offered a place. In addition, 77 College students progressed on to College HE courses (including the new BSc (Hons) Professional Studies (Health and Community) launched in 20/21), maintaining the highest level of progression achieved over the past 5 years, as a direct result of a Higher Education strategy and aimed HE provision progression from highly performing and successful level 3 curriculum.

Apprenticeships Achievement

Outcomes for Apprentices sits at 56% for overall achievement and 35% for timely achievement. 20/21 has been a full year of COVID-19 related impact on employment, the economy and business resulting in many contributing factors towards the decline in performance.


However, this is a national picture with the national average sitting at 64% and not specific to the College or local region. Despite an overall decline, sector areas that have had less impact to working practices have over-achieved expectations and exceeded national average performance such as Child Development and Wellbeing and Accounting and Finance.

At the outset of the global pandemic, a centre-devised decision was made to continue to support apprentices wherever possible rather than suspending training, to keep them engaged, support their wellbeing in uncertain times and encourage the continuation of learning. Whilst the decision supports engagement with employers and students, delays in completions and timely achievement naturally came as a result. However, of the 71 overdue completions 67 (94%) have either since completed or continue in learning which would have resulted in the potential overall achievement outcome of 68% for 20/21.

Disclosure of information to auditors

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

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


.....

Richard Noah

Chair

Governance Statement

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

The college endeavours to conduct its business:

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

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2021.

The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges.

The Corporation

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

	Dates of Appointment	Term of office	Date of resignation	Status of appointment	Committees served on	Attendance
Richard Noah	05/02/2019 04/02/2023 <i>2nd term</i>	4 years		Independent Member	Chair Of Board July 2021 Extended to 31/12/2021	Corporation 9/9 Search 4/4 Remuneration 2/2
Rosie Darkin-Miller	1/11/2019 31/10/2023 <i>2nd term</i>	4 years	31/12/2020	Independent Member	Vice-Chair Board and Chair Audit/ Finance	Corporation 3/3 Audit/Finance 1/1 Remuneration 2/2
Andrew Matthews	1/11/2019 31/10/2023 <i>2nd term</i>	4 years		Independent Member	Joint Vice-Chair, Board Audit	Corporation 9/9 Audit/Finance 3/3
Jane Nicklen	27/03/2018 26/03/2022 <i>2nd term</i>	4 years		Independent Member	Audit/ Finance, Remuneration Chair	Corporation 8/9 Audit/Finance 2/2 Remuneration 2/2

	Dates of Appointment	Term of office	Date of resignation	Status of appointment	Committees served on	Attendance
Nigel Evans	26/11/2014		30/12/2021 retirement	Principal/CEO CEO only from 1/1/21	Search	Corporation 8/8 Search 4/4
Julia Howe	01/09/2021			Principal/CEO From 01/09/2021	Curriculum & Quality, Search	Corporation 1/1 Search 1/1 Curriculum 2/2
Stephen Webb	11/07/2017 10/07/2021 <i>2nd term Extension to 09/07/2023</i>	4 years +2 ext.		Independent Member	Chair of Audit / Finance	Corporation 9/9 Audit/Finance 4/4
Jason Vaughan	1/06/21 31/05/2025	4 years		Independent Member	Finance & Resources	Corporation 1/2 Finance & Resources 1/1
Ian Girling	13/07/2021 12/07/2025	4 years		Independent Member	Audit	Corporation 2/2 Audit 0/0
Peter Vowles	22/05/2018 21/05/2022	4 years		Staff Member	Audit, Search	Corporation 9/9 Search 2/2
Megan Barnes	22/05/2018 21/05/2022	4 years		Staff Member	Curriculum & Quality	Corporation 7/9 Curriculum 2/2
Lynda Bourne	7/11/2017 6/11/2021	4 years	13/07/2021	Independent Member	n/a	Corporation 7/8
Rodney Davis	07/11/2017 06/11/2021 07/11/2021 06/11/2025 <i>2nd term</i>	4 years		Independent Member	Finance & Resources	Corporation 9/9 Curriculum 2/2
Jacqui Gerrard	09/10/2018 08/10/2022	4 years		Independent member	Joint Vice-Chair Board Finance & Resources Remuneration	Corporation 9/9 Remuneration 2/2 Finance 2/2
Louise Matthews	09/10/2018 8/10/2022	4 years		Independent Member	Finance & Resources	Corporation 4/6 Finance & Resources 1/2

	Dates of Appointment	Term of office	Date of resignation	Status of appointment	Committees served on	Attendance
Ian Bates	11/02/2020 10/02/2024	4 years		Independent Member	Chair of Audit	Corporation 8/9 Audit/Finance 3/3
Jack Dickson	11/02/2020 10/02/2024	4 years		Independent Member	Chair of Curriculum & Quality	Corporation 8/9 Curriculum 2/2
Chris Brook	11/02/2020 10/02/2024	4 years	12/10/2021	Independent Member	Audit	Corporation 7/9
Jade House	01/11/2019 31/10/2021	2 years		Student Member	None	Corporation 6/9
Lucas McCallum	01/11/2019 31/10/2021	2 years	13/07/221	Student Member	None	Corporation 4/9
Sue Ratcliffe, Clerk to the Corporation appointed 01/01/2012						9/9
Jenny Stiling, non-voting Associate/Co-opted Member appointed annually						9/9

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

The Corporation is provided with regular and timely information on the overall financial and academic performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and staff and student matters such as health and safety, equality and safeguarding and Prevent.

The Corporation operates the Policy Governance model, which enables the establishment of Committees to help it conduct its business. Following recommendations made in the FE Commissioner's Diagnostic Assessment Report received in March 2021, reviewed by the Search & Governance Committee and agreed by the Board, changes were made to the Corporation Committees.

The Corporation disbanded its Audit/ Finance Committee after the June 2021 meeting, and created a separate Audit Committee and two new committees – a Finance and Resources Committee and a Curriculum and Quality Committee. There were no changes to the Search & Governance or Remuneration Committees.

The Committees each have their own terms of reference approved by the Corporation. The new Terms of Reference and Committee Membership was agreed and approved by the Board at the July 2021 meeting. The Corporation met on 9 occasions during 2020-2021. Due to the Covid19 Pandemic and closure of the College as directed by the UK Government, the majority of meetings were held virtually using MS Teams. The meeting scheduled for 30 March 2021 was abandoned after only four agenda items, due to a major power cut in the area – this meeting was reconvened on 13 April 2021 after the Easter holiday. This has been counted as one meeting. Starting in September 2021 members have been given the option to attend meetings in person or remotely using Microsoft Teams. The overall average attendance was 84%. The average attendance across committee meetings was 89%.

All Corporation and Committee minutes, except those deemed confidential by the Corporation, are published on the College website after they have been signed, or can be requested from the Clerk to the Corporation at:

Weymouth College
Cranford Avenue
Weymouth
Dorset
DT4 7LQ

The Clerk to the Corporation maintains a register of financial and personal interests of the governors and senior members of staff. The register is maintained via the Governors' Virtual Office and is available for inspection on request to the Clerk at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for providing advice and guidance and ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner and Board members received regular internal and external policy briefings, all accessible electronically via the Governors' Virtual Office (GVO).

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

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

Appointments to the Corporation

There were three new appointments to the Corporation during 2020/2021 as well as one member who changed their status to an Associate member. On this occasion, prospective new members made direct contact, but the College has successfully used the services of www.inspiringgovernance.org in past recruitment campaigns. Candidates were met and interviewed by members of the Search and Governance Committee.

Members of the Corporation are appointed for a term of office not exceeding four years.

New appointments are a matter for the consideration of the Corporation as a whole. The Corporation's Search and Governance Committee considers nominations and applications by any new member, with the exception of student and staff members. Induction and training opportunities are provided, including national and regional opportunities.

Appointment of Chair and Vice Chair

Following the resignation of the Vice Chair in December 2020, the Board appointed two members to a joint vice chair role, until the end of the current term in July 2021. The Chair and Vice Chair are appointed for a term of two years, which can be renewed.

The Chair has reported to the Board his intention to retire from office with effect from 31 December 2021. With this in mind, the Corporation agreed an extension to the current appointments of

Chair and Vice Chair until 31 December to enable the Board to effect new appointments. Nomination forms and further information about the roles are currently being provided to Board members to enable a new appointment to be made in December 2021.

Appointment of Principal/Chief Executive

During 2019-2020 the Remuneration Committee worked closely with the Principal to present a proposal to the Board which would facilitate his request to reduce his hours in a phased approach to his retirement on 31 December 2021. This proposal was accepted and from 1 January 2021, Nigel Evans worked on a 0.5 FTE basis, whilst continuing with the roles of Chief Executive and Accounting Officer and member of the Corporation.

Julia Howe, Vice Principal was appointed to the role of Interim Principal from the same date. After a national advertisement and competitive selection process, Julia Howe was appointed Principal/Chief Executive with effect from 1 September 2021.

Following voluntary negotiations, Nigel Evans, the outgoing Principal is taking gardening leave before his formal retirement on 31 December 2021.

Corporation Performance

The Corporation continues to use the Code of Good Governance for English Colleges as a self-assessment tool to evaluate its own performance. A self-assessment will be undertaken again in 2021/2022 using the revised Code and as we move towards more face-to-face meetings and relaxed Coronavirus regulations.

During the 2019-2020 year, the Corporation participated in a Governance Healthcheck undertaken by TIAA, its internal auditors. This is a desktop review designed to establish the extent to which the governance documents considered by the Board can demonstrate the risks leading to governance failures at other similar organisations have been assessed and mitigated.

Whilst the review did not consider the extent of the operational arrangements which are designed and operated to effectively mitigate these risks, the findings show that the College has arrangements in place to demonstrate that the identified risks that have led to governance failures at other similar organisations have been mitigated and there were no recommendations arising from the report. The following matters were highlighted:

- The Principal presents regular reports on the actions they have taken.
- A skills audit of the Board has been carried out and action has been taken to recruit governors with financial credentials.
- The Clerk to the Corporation has a wealth of experience within this role and operates an efficient and effective service to the Board.
- Whilst the college is continuing to experience financial difficulties, there is robust strategic planning in place and performance is regularly monitored/reported on.
- The Board reviews information regarding students' progress, attendance and punctuality.

Statement from the Audit Committee

The Audit Finance Committee was disbanded during the year on the recommendation of the FE Commissioner and a stand-alone Audit Committee established. The Committee comprises five members of the Corporation (excluding the Principal and Chair) and it operates in accordance with written terms of reference approved by the Corporation, which meets the requirements of the Joint Audit Code of Practice (JACOP).

The Committee meets three times a year and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Committee. Implementation of agreed audit recommendations is the responsibility of management and internal auditors undertake periodic follow-up reviews to ensure such recommendations have been completed.

The Committee also advises the Corporation on the appointment of its Auditors, including their remuneration for both audit and non-audit work.

The Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place and it believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are:

- Key Financial control review with modifications for exception reporting for new suppliers on the finance system and pending system improvements with HR / Payroll through manager and self-service.
- Bursary management with quarterly reporting on grants and expenditure within management accounts.
- Anti-Fraud review and policy, induction, on boarding and finance training for staff with budget responsibility across College.

Finance and Resources Committee

A Finance and Resources Committee was established following a recommendation by the FE Commissioner. The Committee comprises five members of the Corporation and it operates in accordance with written terms of reference approved by the Corporation. Its role is to consider specific matters relating to the financial operation of the College and matters relating to the College Estate including any proposals for sale or rental of college property.

Curriculum and Quality Committee

A Curriculum and Quality Committee was established also as a result of recommendations by the FE Commissioner. The Committee comprises five members of the Corporation and it operates in accordance with written terms of reference approved by the Corporation. Its role is to consider matters relating to teaching, learning and assessment, including monitoring relevant key performance indicators, review and validation of the College's Self-Assessment Report and associated Action Plan, as well as receiving the Annual Report on Equality and Diversity.

The Search and Governance Committee

The Search and Governance Committee comprises 5 members who operate in accordance with written terms of reference approved by the Corporation. The Committee meet as required and oversees governance arrangements in addition to recruiting, interviewing and recommending to the Corporation new members for appointment.

Remuneration Committee

The Remuneration Committee comprises 3 members who meet as required in accordance with terms of reference approved by the Corporation. Its prime responsibilities relate to the annual review and appraisal of the performance of the Principal.

Responsibilities under funding agreements

The Corporation has met its contractual responsibilities under its funding agreements and contracts with ESFA through financial reports and monitoring of all grant funded income either by delegation to the Audit/ Finance Committee, direct reports to the Corporation, or through small Governor-led working groups.

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Weymouth College and the funding bodies. They are also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is 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 College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Weymouth College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by Audit/ Finance Committee on behalf of the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation.
- regular reviews by the Audit Finance Committee and the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.

- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

The internal auditors identified a weakness in the college's systems whereby there was a lack of segregation of duties in the adding of new suppliers to the finance system. In response to this, the college policy now requires a second authorisation before suppliers can be paid, including an independent check of new suppliers' bank details. This check is embedded within the accounting system software and so cannot be circumvented. The Audit Committee is satisfied that the action taken is sufficient to address the control weakness.

Review of effectiveness

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

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

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit/ Finance 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 leadership team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior leadership team and the Audit/ Finance Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit/ Finance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control through regular reports from the senior management team and the Audit/ Finance Committee. The emphasis is on obtaining the relevant degree of assurance, and not merely reporting by exception. At its December meeting, the Corporation receives the Annual Report of the Audit Finance Committee and its auditors.

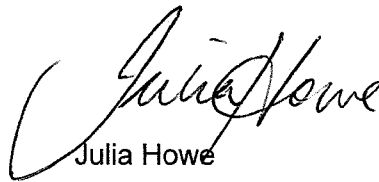
Based on the advice of the Audit/ Finance Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for *"the effective and efficient use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

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



Richard Noah

Chair



Julia Howe

Principal & Accounting Officer

Statement on Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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

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

**Julia Howe****Principal****14 December 2021****Richard Noah****Chair of Governors****14 December 2021**

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

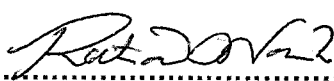
The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA 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. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

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


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Richard Noah, Chair

Independent Auditors' Report to the Corporation of Weymouth College**Opinion**

We have audited the financial statements of Weymouth College (the "College") and its subsidiary (the "Group") for the year ended 31st July 2021 which comprise the Consolidated and College Balance Sheets, the Consolidated and College Statements of Comprehensive Income, the Consolidated and College Statements of Changes in Reserves, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the College Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2021 and of the Group's and College's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education and the College Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

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

Responsibilities of Members of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 21, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the College.

Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the College and considered that the most significant are the Companies Act 2006, UK Financial Reporting Standards and UK taxation legislation.

We obtained an understanding of the legal and regulatory requirements applicable to the Corporation and considered that the most significant are the FE Srp, Companies Act 2006, UK Financial Reporting Standards and UK taxation legislation.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, 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, as a body, for our audit work, for this report, or for the opinions we have formed.

Other required reporting

Opinions on other matters prescribed on the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and , if relevant, managed in accordance with relevant legislation;

- funds provided by the Office for Students, 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.

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

- The institution's grant and fee income, as disclosed in the notes 1 – 3 to the financial statements, has been materially misstated; or
- The institution's expenditure on access and participation activities for the financial year have been materially misstated.

We have no matters to report arising from this responsibility.

Mark Powell (Senior Statutory Auditor)
For and on behalf of Moore
Chartered accountants and statutory auditors
30 Gay Street
Bath
BA1 2PS



14/12/2021

..... Date:

Independent Reporting accountant's assurance report on regularity

To:

The Corporation of Weymouth College and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 21st September 2021 and further to the requirements of funding agreement with the Education and Skills Funding Agency 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 Weymouth College during the period 1st August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record returns, for which the Department has other assurance arrangements in place.

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

Respective responsibilities of Weymouth College and the reporting accountant

The Corporation of Weymouth College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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

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

Reporting accountant's assurance report on regularity (continued)

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

The work undertaken to draw to our conclusion includes but not limited to:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the College's purposes and are appropriately authorised;
- Sample testing on purchase card expenditure, review for any indication of purchase for personal use by Staff or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the Governing Body and Accounting Officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the College;
- Reviewing nominal ledger accounts for any large or unusual entries, obtaining supporting documentation and making further enquiries into any such items where relevant.

Conclusion

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



Moore, Statutory Auditor

30 Gay Street,
Bath,
BA1 2PA

Date: 14/12/2021

Consolidated Statements of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021		Year ended 31 July 2020	
		Group £'000	College £'000	Group £'000	College £'000
					re-stated
INCOME					
Funding body grants	2	9,918	9,911	8,406	8,394
Tuition fees and education contracts	3	1,174	1,174	1,100	1,100
Other grants and contracts	4	1,039	884	803	679
Other income	5	1,621	1,398	1,658	1,327
Investment income	6	-	-	3	-
Total income		13,752	13,367	11,970	11,500
EXPENDITURE					
Staff costs	7	10,523	10,006	9,711	9,186
Other operating expenses	8	2,738	2,864	2,898	2,776
Depreciation	10	911	911	785	785
Interest and other finance costs	9	419	411	425	416
Total expenditure		14,591	14,192	13,819	13,163
(Deficit) / surplus before other gains & losses		(839)	(825)	(1,849)	(1,663)
(Deficit) / surplus before tax		(839)	(825)	(1,849)	(1,663)
Loss on disposal of assets		(93)	(93)	-	-
Taxation		-	-	-	-
(Deficit) / surplus for the year		(932)	(918)	(1,849)	(1,663)
Actuarial (loss) / gain in respect of pensions schemes	19	2,863	2,826	(7,380)	(7,189)
Total Comprehensive (Expense) / Income for the year		1,931	1,908	(9,229)	(8,852)

Consolidated and College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Group			
Balance at 1 August 2019	(13,383)	2,738	(10,645)
Deficit from the income and expenditure account	(1,849)	-	(1,849)
Other comprehensive expense	(7,380)	-	(7,380)
Transfers between revaluation and income and expenditure reserves	117	(117)	-
Total comprehensive income for the year	(9,112)	(117)	(9,229)
Balance at 31 July 2020	(22,495)	2,621	(19,874)
Deficit from the income and expenditure account	(932)	-	(932)
Other comprehensive income	2,863	-	2,863
Transfers between revaluation and income and expenditure reserves	117	(117)	-
Total comprehensive expense for the year	2,048	(117)	1,931
Balance at 31 July 2021	(20,447)	2,504	(17,943)
College (as re-stated)			
Balance at 1 August 2019	(12,817)	2,738	(10,079)
Deficit from the income and expenditure account	(1,663)	-	(1,663)
Other comprehensive expense	(7,189)	-	(7,189)
Transfers between revaluation and income and expenditure reserves	117	(117)	-
Total comprehensive income for the year	(8,735)	(117)	(8,852)
Balance at 31 July 2020	(21,552)	2,621	(18,931)
Deficit from the income & expenditure account	(918)	-	(918)
Other comprehensive income	2,826	-	2,826
Transfers between revaluation and income and expenditure reserves	117	(117)	-
Total comprehensive expense for the year	2,025	(117)	1,908
Balance at 31 July 2021	(19,527)	2,504	(17,023)

Balance Sheets as at 31 July 2021

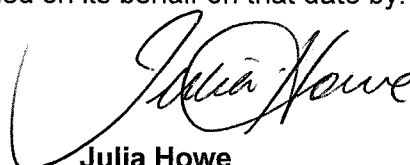
	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Non-current assets					
Tangible Fixed assets	10	15,355	15,355	14,642	14,642
Investments	11	-	-	-	-
		<u>15,355</u>	<u>15,355</u>	<u>14,642</u>	<u>14,642</u>
Current assets					
Stocks		20	12	27	14
Trade and other receivables	12	571	539	452	505
Cash and cash equivalents	17	1,062	1,001	325	305
		<u>1,653</u>	<u>1,552</u>	<u>804</u>	<u>824</u>
Less: Creditors – amounts falling due within one year	13	(2,830)	(2,766)	(2,620)	(2,558)
Net current liabilities		<u>(1,177)</u>	<u>(1,214)</u>	<u>(1,816)</u>	<u>(1,732)</u>
Total assets less current liabilities		14,178	14,141	12,826	12,908
Creditors – amounts falling due after more than one year	14	(8,485)	(8,485)	(7,847)	(7,847)
Provisions					
Defined benefit obligations	19	(23,220)	(22,573)	(24,509)	(23,873)
Other provisions	16	(416)	(106)	(344)	(119)
Total net liabilities		<u>(17,943)</u>	<u>(17,023)</u>	<u>(19,874)</u>	<u>(18,931)</u>
Unrestricted Reserves					
Income and expenditure account		(20,447)	(19,527)	(22,495)	(21,552)
Revaluation reserve		2,504	2,504	2,621	2,621
Total unrestricted reserves		<u>(17,943)</u>	<u>(17,023)</u>	<u>(19,874)</u>	<u>(18,931)</u>
Total reserves		<u>(17,943)</u>	<u>(17,023)</u>	<u>(19,874)</u>	<u>(18,931)</u>

The report and financial statements were approved and authorised for issue by the Corporation on 14th December 2021 and were signed on its behalf on that date by:



Richard Noah

Chair



Julia Howe

Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Deficit for the year		(932)	(1,849)
Adjustment for non-cash items			
Depreciation	10	911	785
Decrease/(increase) in stocks		7	(3)
(Increase)/decrease in debtors	12	(119)	320
Increase in creditors due within one year	13	(1,668)	(630)
Decrease in creditors due after one year	14	1,200	100
Increase in provisions	16	72	24
Pensions costs less contributions payable	19	1,573	1,081
Adjustment for investing or financing activities			
Investment income	6	-	(3)
Interest payable	9	93	95
Loss on sale of fixed assets		93	-
Net cash flow from operating activities		1,230	(80)
Cash flows from investing activities			
Investment income	6	-	3
Receipt of capital grant		1,670	976
Payments made to acquire fixed assets	10	(1,717)	(725)
		(47)	254
Cash flows from financing activities			
Interest paid	9	(93)	(95)
Interest element of finance lease rental payments	9	-	-
Repayments of amounts borrowed	15	(353)	(239)
New loans	15	-	-
Capital element of finance lease rental payments	15	-	(26)
		(446)	(360)
Increase / (Decrease) in cash and cash equivalents		737	(186)
 Cash and cash equivalents at beginning of the year	17	325	511
Cash and cash equivalents at end of the year	17	1,062	325
Change in cash and cash equivalents in the year		737	(186)

Notes to the Financial Statements

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public 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 College'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.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary Weyco Services Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £1.395m of loans outstanding with bankers on terms negotiated in 2010, repayable under terms outlined in Note 15. The College also has a £2.419m loan from the Restructuring Facility (RF) with the ESFA, a rescheduling of the previous Business, Innovation and Skills (BIS) loan, which was agreed in April 2019.

The RF agreed with the ESFA's Transaction Unit considered a medium term review of the College's financial prospects, deferring loan repayments to the 2020/21 financial year for a repayment term that now runs to 2026/27. This new RF agreement now enables the College to review current financial plans to generate a cash reserve and undertake investment in infrastructure and growth.

The College was also in receipt of advanced re-profiling of 16-18 funds in July 2020 of £300k and in August 2020 of £40k to address cash flow concerns resulting from COVID19 closure and loss

of commercial income. This ESFA advance was repaid during the 2020/21 financial year and is noted within the accounts under Note 13, Creditors: amounts falling due within one year.

The College has seen improved financial performance in 2020/21 due to student growth combined with improved FE funding rates. This has been complemented by commercial income recovery post-pandemic lockdown and financial savings from exiting leased premises.

Following the approval of the 2021/22 budget in July, the Board has received a reforecast budget. The re-forecast budget confirms an increasing reliance on student-grant income due to HE, EHCP and 16-18 growth with improvements in EBITDA and cash flow. This trend in financial projection continues with draft 2022/23 budget forecasts.

Based on current cash flow forecasts, the Board considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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 HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital Grant Funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee Income

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

Catering activities

Income from catering activities 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 College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College, where the College is exposed to minimal risks or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (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 College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and 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.

Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

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

Actuarial gains and losses are recognised immediately in 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 College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at 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

Freehold buildings are depreciated over their expected useful economic life to the College of 75 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 10 and 75 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred 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.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- technical equipment - 6 to 10 years
- motor vehicles - 4 years
- computer equipment - 3 years
- furniture, fixtures and fittings - 6 to 10 years

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.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term.

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

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

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

Investments*Investments in subsidiaries*

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

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Stock

Stocks are stated at the lower of their cost and net realisable value, being selling price less costs to sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 5% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Provisions and contingent liabilities

Provisions are recognised when:

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

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 College 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 College. 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.

- Determining whether leases entered into by the College 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.
- Determining whether there are indicators of impairment of the group's tangible assets. 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.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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.

Restatement of 2020 College accounts

The 2019/20 College accounts have been re-stated in notes 5 (other income), 7 (Staffing) and 8 (other operating expenses) to reflect the allocation of income and expense for subsidiary activity that relates to the College. There is no net impact of this restatement for reserves.

2 Funding body grants

	Year Ended 31 July		Year Ended 31 July	
	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Recurrent grants				
Education and Skills Funding Agency – adult	787	787	706	706
Education and Skills Funding Agency – 16-18	7,132	7,125	6,037	6,025
Education and Skills Funding Agency - apprenticeships	1,065	1,065	1,058	1,058
Higher Education Funding Council	73	73	85	85
Specific grants				
Education and Skills Funding Agency	709	709	353	353
Releases of government capital grants	152	152	167	167
Total	9,918	9,911	8,406	8,394

Supplementary Funding body grant note for the Office for Student (Higher Education funding)

Office for student grants

	Year ended 31 July		Year ended 31 July	
	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Grant income from the Office for Students	73	73	85	85
Grant income from other bodies	-	-	-	-
Fee income for taught awards (excl. of VAT)	708	708	549	549
Fee income for research awards (incl. of VAT)	-	-	-	-
Fee income for non-qualifying course	-	-	-	-
Total	781	781	634	634

3 Tuition fees and education contracts

	Year Ended 31 July		Year Ended 31 July	
	2021 Group	2021 College	2020 Group	2020 College
	£'000	£'000	£'000	£'000
Adult education fees	55	55	189	189
Apprenticeship fees and contracts	20	20	16	16
Fees for FE loan supported courses	314	314	282	282
Fees for HE loan supported courses	708	708	549	549
International students' fees	77	77	64	64
Total	1,174	1,174	1,100	1,100

4 Other grants and contracts

	Year Ended 31 July		Year Ended 31 July	
	2021 Group	2021 College	2020 Group	2020 College
	£'000	£'000	£'000	£'000
European Commission	-	-	(13)	(13)
Other grants and contracts	765	738	514	514
HMRC Job Retention Grants	274	146	302	178
Total	1,039	884	803	679

The Corporation furloughed catering staff, cleaning staff, leisure and hospitality staff under the Government's Coronavirus Job Retention Scheme. The funding received of £274k (2020: £302k) for staff costs, which are included within the staff costs note (No. 7) below as appropriate.

5 Other income

	Year Ended 31 July		Year Ended 31 July	
	2021 Group	2021 College	2020 Group	2020 College
	£'000	£'000	£'000	£'000
Catering and residences	384	3	536	47
Other income generating activities	542	542	667	665
Non-government capital grants	369	369	85	85
Miscellaneous income	326	484	370	530
Total	1,621	1,398	1,658	1,327

6 Investment income

	Year Ended 31 July		Year Ended 31 July	
	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Interest receivable	-	-	3	-

7 Staff costs

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

	2021 Group No.	2021 College No.	2020 Group No.	2020 College No.
Teaching staff	164	164	180	180
Non-teaching staff	236	182	271	207
	400	346	451	387

Staff costs for the above persons

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
				Re-stated
Wages and salaries	8,644	8,198	7,881	7,429
Social security costs	550	514	536	498
Other pension costs	1,329	1,294	1,294	1,259
Total Staff costs	10,523	10,006	9,711	9,186

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team, which comprises the Principal, Vice Principals, Director of Finance and Clerk to the Corporation. Staff costs include compensation paid to key management personnel for loss of office.

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

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	6

The number of key management personnel who received annual emoluments, excluding pension contributions and employer's national insurance contributions, but including benefits in kind, in the following ranges was:

	Key management personnel	
	2021	2020
	No.	No.
£10,001 to £20,000 p.a	-	-
£20,001 to £30,000 p.a	1	1
£30,001 to £40,000 p.a	-	-
£50,001 to £60,000 p.a	-	-
£60,001 to £70,000 p.a.	4	4
£70,001 to £80,000 p.a.	-	-
£80,001 to £90,000 p.a.	-	-
£90,001 to £100,000 p.a.	1	1
	6	6

There are no other higher paid staff requiring disclosure.

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	£'000
Salaries – gross of salary sacrifice and waived emoluments	356	365
Employers' National Insurance	42	43
Benefits in kind	1	2
	399	410
Pension contributions	67	63
Total key management personnel compensation	466	473

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:

	2021	2020
	£'000	£'000
Salaries	68	95
Benefits in kind	0	0

	<u>68</u>	<u>95</u>
Pension contributions	12	15

Accounting Officer's emoluments and that of all other employees as a pay multiple

Accounting Officer's basic salary divided by the median pay of all other corporation employees (all on a full-time equivalent basis); 4.03 (4.24 reported in 2019/20)

Accounting Officer's total emoluments divided by the median pay of all other corporation employees (all on a full-time equivalent basis) 5.26 (5.54 reported in 2019/20)

The basis of methodology for these calculations are analysed through the full staff list, extracted the FTE for each position held and identified the median. Agency workers were excluded from the calculation.

8 Other operating expenses

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
				Re-stated
Teaching costs	498	498	392	392
Non-teaching costs	1,383	1,526	1,554	1,440
Premises costs	857	840	952	944
Total	<u>2,738</u>	<u>2,864</u>	<u>2,898</u>	<u>2,776</u>

Other operating expenses include:	2021 £'000	2020 £'000
Auditors' remuneration:		
Financial statements audit	24	23
Internal audit	7	10
Other services provided by the financial statements auditor - taxation compliance	1	1
Hire of assets under operating leases	-	-
	<u> </u>	<u> </u>

Access and participation spending - Office for students

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Access investment	63	63	88	88
Financial support to students	10	10	2	2
Disability support	-	-	-	-
Research & evaluation (relating to access & participation)	31	31	2	2
	104	104	92	92

9 Interest and other finance costs

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
On bank loans and overdrafts	93	93	95	95
On finance leases	-	-	-	-
Net interest on defined pension liability (note 19)	326	318	330	321
Total	419	411	425	416

10 Tangible Fixed Assets: Group and College

	Freehold Land and buildings £'000	Equipment £'000	Total £'000
Cost or valuation			
At 1 August 2020	24,342	10,322	34,664
Additions	1,210	507	1,717
Disposals	(975)	(156)	(1,131)
At 31 July 2021	24,577	10,673	35,250
Depreciation			
At 1 August 2020	10,813	9,209	20,022
Charge for the year	548	363	911
Elimination in respect of disposals	(884)	(154)	(1,038)
At 31 July 2021	10,477	9,418	19,895
Net book value at 31 July 2021	14,100	1,255	15,355
Net book value at 31 July 2020	13,529	1,113	14,642

Land and buildings with a net book value of £15,355,000 have been partly financed by exchequer funds through, for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

11 Non-current investments

	College 2021	College 2020
	£	£
Investments in subsidiary companies	100	100
Total	100	100

The College owns 100 per cent of the issued ordinary £1 shares of Weyco Services Limited, a company incorporated in England and Wales. The principal business activity of Weyco Services Limited is providing cleaning, catering, and grounds maintenance services to the College, and leisure facilities at the Redlands Community Sports Hub.

12 Trade and other receivables

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade receivables	80	53	74	69
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	62
Prepayments and accrued income	281	276	271	267
Amounts owed by ESFA	210	210	107	107
Total	571	539	452	505

13 Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank and other loans	363	363	354	354
BIS Loan < 1yr	300	300	100	100
Deferred income – Govt revenue grant	-	-	300	300
Obligations under finance leases	-	-	-	-
Trade payables	88	77	108	100
Other taxation and social security	317	306	267	254
Accruals and deferred income	904	896	630	624
Accruals – holiday pay	352	318	292	257
Deferred income - government capital	506	506	569	569
Total	2,830	2,766	2,620	2,558

14 Creditors: amounts falling due after one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank and other loans	1,033	1,033	1,395	1,395
BIS Loan	2,119	2,119	2,319	2,319
Deferred income - government capital	5,333	5,333	4,133	4,133
Total	8,485	8,485	7,847	7,847

15 Maturity of debt**Bank loans and other loans**

Bank loans and other loans are repayable as follows:

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
In one year or less	663	663	454	454
Between one and two years	1,233	1,233	1,134	1,134
Between two and five years	1,919	1,919	2,061	2,061
In five years or more	-	-	519	519
Total	3,815	3,815	4,168	4,168

16 Provisions – Group

	Defined benefit obligations £'000	Onerous contract £'000	Enhanced pensions £'000	Total £'000
At 1 August 2020	24,509	225	119	24,853
Expenditure in the period	(745)	-	(13)	(758)
Transfer from Income & Expenditure account	(544)	85	-	(459)
At 31 July 2021	23,220	310	106	23,636

Provisions - College

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2020	23,873	119	23,992
Expenditure in the period	(717)	(13)	(730)
Transfer from Income & Expenditure account	(583)	-	(583)
At 31 July 2020	22,573	106	22,679

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in note 19.

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

The principal assumptions for this calculation are:

	2021	2020
Price inflation	3.1%	3.1%
Discount rate	2.7%	2.7%

Onerous contract

The Group has a contractual obligation to replace the 3G football pitch located at the Redlands Sports Centre as part of an agreement associated with a grant awarded by the Football Foundation. In addition, Weymouth College is in negotiation with Dorset Council to exit the current lease and operational arrangements at Redlands Sports Centre by July 2022 with the onerous contract including provision for exit costs.

17 Cash and cash equivalents: Group

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	325	737	1,062
Total	325	737	1,062

Cash and cash equivalents: College

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	305	696	1,001
Total	305	696	1,001

18 Lease obligations

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

	Group and College	
	2021	2020
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	44	87
Later than one year and not later than five years	11	55
	<u>55</u>	<u>142</u>
Other		
Not later than one year	34	34
Later than one year and not later than five years	34	68
	<u>68</u>	<u>102</u>
Total Lease Payments Due	<u>123</u>	<u>244</u>

19 Defined benefit obligations

The Groups' employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Total pension cost for the year – Group	2021 £000	2020 £000
Teachers' Pension Scheme: contributions paid	581	553
Local Government Pension Scheme:		
Contributions paid	745	733
FRS 102 (28) charge	<u>1,248</u>	<u>752</u>
Charge to the Statement of Comprehensive Income	1,993	1,485
Enhanced pension charge to Statement of Comprehensive Income	13	13
Total Pension Cost for Year within staff costs	2,587	2,051
	<hr/>	<hr/>
Total pension cost for the year – College	2021 £000	2020 £000
Teachers' Pension Scheme: contributions paid	581	553
Local Government Pension Scheme:		
Contributions paid	717	706
FRS 102 (28) charge	<u>1,200</u>	<u>718</u>
Charge to the Statement of Comprehensive Income	1,917	1,424
Enhanced pension charge to Statement of Comprehensive Income	13	13
Total Pension Cost for Year within staff costs	2,511	1,990
	<hr/>	<hr/>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 College is unable to identify its share of the underlying assets and liabilities of the plan.

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £581,000 (2020: £553,000)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Dorset Council. The total contributions made for the year ended 31 July 2021 were: Group - £957,552; College - £921,824, of which employer's contributions totalled: Group - £740,635; College - £712,505 and employees' contributions totalled: Group - £216,917; College - £209,319. The agreed contribution rates for future years are 18% for employers and range from 5.5% to 12.5% for employees, depending on salary.

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

Group	2021	2020
	£'000	£'000
Fair value of plan assets	29,370	24,825
Present value of plan liabilities	(52,590)	(49,334)
Net pensions liability	(23,220)	(24,509)

Principal Actuarial Assumptions – Group and College unless stated

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	1.0%	1.0%
Future pensions increases	2.8%	2.3%
Discount rate for scheme liabilities	1.6%	1.3%
Inflation assumption (CPI)	2.8%	2.3%
Commutation of pensions to lump sums (Group and College)	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2021	At 31 July 2020
Group and College	years	years
<i>Retiring today</i>		
Males	23.10	23.30
Females	24.60	24.80
<i>Retiring in 20 years</i>		
Males	24.40	24.70
Females	26.10	26.20

College	2021	2020
	£'000	£'000
Fair value of plan assets	28,617	24,216
Present value of plan liabilities	(51,190)	(48,089)
Net pensions liability	(22,573)	(23,873)

Sensitivity Analysis - Group

	At 31 July 2021	At 31 July 2020
	£'000	£'000
Discount Rate + 0.1%	2,051	1,874
Discount Rate - 0.1%	2,197	1,996
Mortality Assumption - 1 year increase	2,216	2,007
Mortality Assumption - 1 year decrease	2,033	1,864
Long Term Salary Increases + 0.1%	2,124	1,935
Long Term Salary Increases - 0.1%	2,122	1,933
Adjustment to pension increases and deferred revaluation +1.0%	2,196	1,994
Adjustment to pension increases and deferred revaluation -1.0%	2,053	1,875

Sensitivity Analysis - College

	At 31 July 2021	At 31 July 2020
	£'000	£'000
Discount Rate + 0.1%	1,980	1,801
Discount Rate - 0.1%	2,121	1,919
Mortality Assumption - 1 year increase	2,139	1,929
Mortality Assumption - 1 year decrease	1,963	1,792
Long Term Salary Increases + 0.1%	2,050	1,917
Long Term Salary Increases - 0.1%	2,048	1,802
Adjustment to pension increases & deferred revaluation +1.0%	2,120	1,917
Adjustment to pension increases & deferred revaluation -1.0%	1,981	1,802

The Group's share of the assets in the plan at the balance sheet date and the actual return were:

	Fair Value at 31 July 2021 £'000	Fair Value at 31 July 2020 £'000
Equity instruments	15,991	12,791
LDI and Other Bonds	5,125	4,957
Property and Infrastructure	4,465	4,144
Cash	407	257
Other	3,382	2,676
Total fair value of plan assets	29,370	24,825
 Actual return on plan assets	 4,316,000	 (791,000)

The College's share of the assets in the plan at the balance sheet date and the actual return were:

	Fair Value at 31 July 2021 £'000	Fair Value at 31 July 2020 £'000
Equity instruments	15,581	12,476
LDI and Other Bonds	4,993	4,836
Property and Infrastructure	4,351	4,043
Cash	397	251
Other	3,295	2,610
Total fair value of plan assets	28,617	24,216
 Actual return on plan assets	 4,207,000	 (772,000)

	2021 £'000	2020 £'000
Amounts included in staff costs – Group		
Current service cost	1,971	1,470
Administrative expenses	22	16
Total	1,993	1,486

Asset and Liability Reconciliation – College

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	48,089	40,070
Current service cost	1,896	1,408
Interest cost	646	840
Contributions by Scheme participants	209	205
Experience gains and losses on defined benefit obligations	(1,011)	102
Changes in financial assumptions	2,064	5,794
Changes in demographic assumptions	-	-
Estimated benefits paid	(711)	(330)
Past service costs	8	-
Defined benefit obligations at end of period	<u>51,190</u>	<u>48,089</u>
Changes in fair value of plan assets		
Fair value of plan assets at start of period	24,216	24,425
Interest on plan assets	328	519
Return on plan assets	3,879	(1,291)
Administration expenses	(21)	(16)
Other Actuarial Gains	-	(2)
Employer contribution	717	706
Contributions by Scheme participants	209	205
Estimated benefits paid	(711)	(330)
Fair value of plan assets at end of period	<u>28,617</u>	<u>24,216</u>

20 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid on behalf of the Governors during the year was £1,682; 3 governors (2019/20: £1,287; 3 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.

No Governor has received any remuneration or waived payments from the College or its subsidiary during the year (2019/20: None).