

Cirencester College

Members' Report and Financial Statements

Year ended 31 July 2021

CONTENTS

	Page number
Key Management personnel, Board of Governors and Professional Advisors	3
Members' Report – Operating and Financial review	4
Statement of Corporate Governance and Internal Control	18
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	26
Statement of Responsibilities of the Members of the Corporation	27
Independent Auditor's Report to the Corporation of Cirencester College	28
Reporting Accountant's Assurance Report on Regularity	31
Statement of Comprehensive Income	33
Statement of Changes in Reserves	34
Balance Sheets as at 31 July	35
Statement of Cash Flows	36
Notes to the Accounts	37

Key Management Personnel, Board of Governors and Professional Advisers

Key management personnel

Key management personnel are members of the College Senior Leadership Team and were represented by the following in 2020/21:

Jim Grant	Principal and Chief Accounting Officer
Karen Fraser	Vice Principal Student experience & External relations.
Matt Couzens	Vice Principal Quality & Standards
Matt Reynolds	Vice Principal Teaching and Learning Development
Jacque Parry-Jones	Human Resources manager
Steve Forecast	Operations Director (<i>Role terminated 7th October 2021</i>)
Angelo Faria	Finance Director

Board of Governors

A full list of Governors is given on pages 19 to 20 of these financial statements.

Mrs. Jeannie Adams is the Clerk to the Corporation.

Professional advisers

Financial statements auditors and reporting accountants:

Mazars LLP
90 Victoria Street
Bristol
BS1 6DP

Internal auditors:

TiAA Ltd.
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers:

Lloyds Bank Plc
14 Cricklade Street
Cirencester
GL7 2NU

Solicitors:

Knights Solicitors LLP
Eagle Tower
Montpellier Drive
Cheltenham
GL50 1TA

Members' Report - Operating and Financial review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Cirencester College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. HMRC recognises Cirencester College as a charity for tax purposes under reference XT25961.

The College is designated as a sixth form college, with its main funder, the Education and Skills Funding Agency (ESFA), being the lead monitoring agency of the College.

Mission

The College's mission was renewed in 2017 after consultation with staff, students and governors and still applies. In September 2020, the Corporation reviewed our mission and determined that it would remain current for the 2022-27 plan but that a small sub-group would work on new headline goals and KPIs. These have now been agreed for 2022-27 and will appear in the July 2022 Report. For the period in question the Mission and strategic goals below applied.

We are THE specialist Sixth Form College for Swindon, North Wiltshire and Gloucestershire.

Our Purpose "To inspire and empower students to be the best they can be".

The Cirencester way, revised in October 2020, as a result of Covid-19, is

- Being ambitious for all our students and challenging all to excel.
- Respecting and nurturing individuals.
- Developing independent, resilient and employable citizens.
- Being a learning community, which is large enough to offer unrivalled choice but small enough to care.
- Providing THE stepping stone from School to University, Apprenticeships or Work.
- Empowering great staff to deliver great student experiences.
- During the Covid-19 pandemic we aim to keep to our mission and continue to deliver our strategic plan. The College maintains a detailed risk register for Covid-19 threats and will place the highest priority on mitigating risks and keeping staff and students safe.
- Where possible we will continue with our full face to face teaching programme and other activities, but circumstances may require the College to make alternative arrangements including distance learning and support via remote access

Public Benefit

Cirencester College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Education for Sixth Form Colleges. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 19 to 20.

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

Our delivery of public benefit is covered throughout the Operating and Financial Review but may be summarised as:

- High-quality teaching to 16-19's and adults
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Strong links with local and national employers, industry and commerce
- Strong links with other local and national education delivery institutions

Implementation of Strategic Plan

The 2017-2022 Strategic plan was reviewed in September 2020 for the relevance of KPI's set. Headline objectives set by the College and monitored by the Corporation continue to be:

- Viable and autonomous/in charge of our own destiny
- Exceptional student outcomes
- Exceptional student experience
- Exceptional College community

Financial objectives and performance indicators – under “Viable and autonomous”

The College's Strategic Plan contains the following aims:

1. 3% budget surplus
2. “Good” or better financial health rating from ESFA
3. £1.9m in cash
4. 2,500 students
5. “System leadership” or formal collaborations in place with some partner schools
6. £1m income from HE Apprenticeships, College Services and post 19 provision

The College's performance during 2020-21 against the financial objectives set were:

1. 9.3% operating surplus; 11.7% sector adjusted EBITDA – before LGPS FRS102 pension adjustments.
2. “OUTSTANDING” ESFA financial health rating for 2020-21 at submission of the Financial statements, “GOOD” for 2021-22 and 2022-23 to 2024-25.
3. £3.5m strategic cash reserves before approximately £2.0m applied towards matched funding for various capital projects.
4. 2,294 16-19 enrolments including 32 T Level starters; 145 apprentices, 253 Adult Education Students and 98 HE (RAU) students or 2,790 in total.
5. Partnership and referral arrangements with schools ongoing
6. £1.3m income from HE, (non ESFA grant) Apprenticeships, post 19 provision, other grants and College services.

The 2016 **Area Based Reviews (Local Area Reviews)** permitted the College to pursue Academisation.

The Corporation has reviewed its approach to potential academisation and has no plans to proceed currently. A meeting will be sought with the new Regional Skills Commissioner during early 2022 to establish their current position, which will then be considered by the Corporation in due course. Any further requirement for capital loan finance could further postpone any Academisation decisions.

FINANCIAL POSITION

Financial results

2020-21 was the first financial year to benefit from an additional £188 per student and additional top-up funding for higher value courses including English & maths students. The year also benefitted from an additional 76 enrolments in September 2019 under lagged funding rules. Four comparative years in the table below reflect College success at transforming its financial position and the effect of different and more prudent pension valuation assumptions under FRS102. The College distinguishes between **operating results directly controlled by the college** and annual FRS102 pension adjustments as the table below illustrates:

	2020-21	2019-20	2018-19	2017-18	2016-17
Statement of Comprehensive income	audited	audited	audited	audited	audited
	£'ooo's	£'ooo's	£'ooo's	£'ooo's	£'ooo's
College operating surplus (deficit) – normal service delivery	1,187	440	280	526	144
FRS 102 pension net service cost	(594)	(420)	(304)	(295)	(146)
FRS 102 pension interest cost	(76)	(69)	(49)	(71)	(64)
(Deficit)/surplus for the year	517	(49)	(73)	160	(66)
FRS 102 Actuarial (Loss)/Gain	418	(1,611)	(1,077)	1,212	339
Total Comprehensive Surplus/(Deficit) for the year	935	(1,660)	(1,150)	1,372	273

The College has accumulated reserves of £6.2m million (2019-20 £5.2m) of which cash and short-term investments comprise £6.4m. Operating surplus generating budgets in future years will augment cash holdings as a proportion of accumulated reserves which, for reporting purposes will be adjusted by annual FRS102 pension valuations.

Hyman Robertson LLP, actuaries for the Gloucestershire County Council Local Government Pension Scheme of which the College is a member, estimated that the College's share of the Scheme's deficit (calculated as per Financial Reporting Standard 102) was £5,409k for 2020-21 (2019-20 deficit of £5,157k) after revision of salary increase and inflation assumptions net of asset returns prudently discounted at gilt edged bond price returns.

Covid-19

The College shut down in March 2020, successfully transitioned to on-line learning delivery and reopened to managed cohorts of students in September 2020 with blended (on-site and remote) education being delivered during successive lock-downs and campus-based teaching periods to 8th March 2021 when normal lessons resumed.

The College kept its staff and students safe with active Covid-19 risk management, covid testing and compliance with guidance from Public Health England, ESFA and local Gloucestershire authorities. Parents and students were kept regularly and fully informed of developments throughout the period.

11 catering staff were furloughed under the Governments Coronavirus Job Retention Scheme with £26k grant obtained from the HMRC offsetting staff costs shown under note 8 in the notes. A further £40k grant was received to defray covid testing expenses for over 7,000 tests delivered from March 2021.

All internal control, financial, budgetary control and governance systems were maintained during the period of remote working.

Procurement policy (CV Supplier relief) notes 02/20 and 04/20 were only implemented for the Colleges outsourced cleaning service where an effective cleaning service was maintained through “open book” arrangements resulting in an £15k cleaning staff furlough credit for January to 8th March 2021.

An income loss of £283k and Covid-19 specific costs of appx. £40k were offset by student transport and consumables savings arising from remote learning.

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.

The College has a separate treasury management policy in place. Any short-term borrowing (£0 for 2020-21 and 2019-20) for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Governors have authorised a safe and prudent level of strategic cash reserve investment in wholly or matched funded capital expenditure in order to serve an increasing enrolment demand for the College’s educational provision.

Capital expenditure

2021-22 saw the start of a significant capital expenditure programme in order to remedy an acute student space deficit. The table below indicates by financial year the allocation and source of various funding streams.

CIRENCESTER COLLEGE								
Capital project details: Expenditure and expected method of financing								
	Total	2021	2022	2023	2024	2025	2026	
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Forecast capital expenditure								
P16CF - T Levels Building	5,300	210	3,510	1,580				
Gloucestershire Applied Digital Skills centre	5,050	1,428	3,622					
CIF 2021 P Block;part C block roofs	585	585						
Animal Science 3 class - tba	0							
2021 T Level Specialist Equipment £131k	131		131					
College run rate								
i) matched funding AniSci, C Block, other CIF								
ii) Fixtures - toilets, containers, marquees	3,544	96	730	1,818	300	300	300	
iii) Equipment - IT infrastructure, minivan, plant replacmn								
iv) 1 GV Transformer sub-station								
Total expenditure on capital project	14,610	2,319	7,993	3,398	300	300	300	
see reconciliation - adjacent								
Funded by/method of financing								
College's reserves appropriation - including DFC	4,463	360	2,345	858	300	300	300	
Bank loans - P16CF T level building	1,000	0	1,000	0	0	0	0	
ESFA grant - £512k 2020 P Block roof CiF bid	512	512	0	0	0	0	0	
P16CF ESFA £4m T Level Building	4,000	0	2,000	2,000	0	0	0	
GFirst LEP grant	4,480	1,975	2,505	0	0	0	0	
2021 £130k T Level Specialist Equip Grant	131	131	0	0	0	0	0	
Prior year DFC remaining > £251k appropriated Oct20	24	24						
Total financing	14,610	3,002	7,850	2,858	300	300	300	

Capital commitments of £3.1m reported in Note 21 refer to the Gloucestershire Applied Digital Skills Centre building construction in progress for completion in February 2022. “At risk” spending on the Post 16 Capital Fund (P16CF T Levels building) prior to 31st July 2021 refer to cancellable contracts if no grant is received, so no commitments are recognised.

A £1m Lloyds Bank T levels building 10 year, cash backed loan has been secured, scheduled for drawdown between April 2022 to July 2022.

Cash flows

Operating cash net inflows are at £2,429k (2019-20 inflow £58k) with overall net cash inflow of £2,719k (2019-20 inflow of £16k. Cash inflows arise mainly from the surplus in the year, summer works creditors and capital grant receipts. Normal capital spend is only funded out of working capital.

Liquidity

The size of the College's total borrowing and its approach to interest rate risk have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. The overall cash balances held by the College gave no cause for concern that its debt could not be serviced, or that creditors could not be paid in accordance with agreed payment terms.

Reserves policy

The College has no 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. The College currently holds no restricted reserves. As at the balance sheet date, total Reserves stands at £6.2m (2019-20 £5.2m). It is the Corporation's intention to increase reserves over the life of the Strategic Plan, by the generation of annual operating surpluses.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

The College educated and earned funding for 2,294 16-19 enrolments including 32 T Level starters; 145 apprentices, 253 Adult Education Students and 98 HE (RAU) students or 2,790 in total. Of the 2,790 students recorded, 165 Adult students were off-site (including RAU) with 2,625 receiving education on-site.

Student Achievements

Due to Covid-19, results informed by the Teacher Assessed Grades, whilst more valid than the 2020's CAGs (centre assessed grades), may present a more generous picture than would actual exam results. A-level results, as you would expect, show a good improvement on 2019 actual exam results.

In terms of students progressing to University in 2021, we had 540 students placed, including 140 to Russell Group Universities, 37 to do Law, 10 Vets/Medics/Dentistry (in a 'normal' year 3 more would have been awarded their offered place) and 8 Oxbridge entrants. That amounts to 26% of our students placed gaining a place at a Russell group university.

Curriculum Developments

We continue to be regional leaders in the design and development of the new T Level qualifications. Faculty Heads and teaching staff are engaged on national review panels at a number of levels, while the Vice Principal Teaching & Learning continues to consult for both the Department for Education (DfE) and the Association of Colleges (AoC) on T Level development and speak at national conference for both DfE and Ofsted on T Level development from a provider perspective. This work has earned a letter of commendation from the recent Apprenticeships and Skills Minister, Gillian Keegan. The finalised national model for Transition programmes has also been released and effectively mirrors the Cirencester Model that we have been pioneering and helping to design. Our staff from the first year of delivery are now effectively seen as national experts in T Level delivery. Work is already underway on developing the new Engineering and Business/Finance courses due for release in September 2022, and again our staff are represented at national level in the development of these new qualifications.

Our tutoring programme has been redesigned to allow it to be more reactive and meaningful when promoting central themes, such as British Values or Mindfulness, and we have fully imbedded a broad

selection of coaching and management skills development via the VESPA behavioural system. Higher Achiever provision has a clear focus around progression and developing skills and opportunities to support students in attaining the career, HE course, Apprenticeship or self-employment route they prefer.

The successful upskilling of staff during the Covid outbreak has raised the levels of technical expertise among teachers. The rapid roll out of technical training was highly effective with, in reality, just some 2 weeks of 'email led tuition' interfering with teaching before all staff could more fully engage with their new skills. This is in stark contrast to other sites that effectively closed during this period and as a result we have some of the best retention ever seen.

Our successful training programme for teachers has expanded and we have also won a substantial bid from the Department for Education to enable us to formalise the programme as a genuine teaching package. Collaborative work is being undertaken here directly with Shrewsbury College to develop resources and enable our Senior Professionals to work on developing materials with their Teaching & Learning Leads.

Even with the Covid situation requiring all training to be hosted online; we still managed to produce over 80 events and training videos to support teachers during lockdown. These now act as an archive to help teachers.

As we have returned to teaching from site the Tier structure of training has resumed. Tier One events, hosted regularly on a Monday, promote our basic level of expectation and effectively provide a pre-published schedule of sessions representing a 'teacher's toolkit'. Elements are booked and advertised at the beginning of the year to enable staff and indeed line managers, to pinpoint particular sessions that should be attended by those in need.

Tier Two events recognise our ever-changing educational environment. Tier Two is often released at shorter notice; for example, a session may be put on to cover details of a new government exams policy and notified to staff with a week's notice. The Tier Two programme also acts as a vehicle for staff to cascade training they have had. This gives a good opportunity for new staff to share their learning (often appreciated by experienced staff too). For example; a staff member may go off site to attend a lesson observer's course. They would then come back to College and run a session in Tier Two to share the best practice and feedback on what they had learnt.

Our third training element recognises the needs of new staff. Even experienced staff from another education environment would not know how we do particular things at Cirencester College. For this we invented the 'Cirenway' system. All new staff attend this programme which outlines the Cirencester College way of doing things from ALPs (A Level Performance System) and Parents Evenings, to Health and Safety and Performance Dashboards.

The fourth element is designed to help brand new teachers. The Scheduled Survival Skills is meant to be followed in tandem with a teacher training programme, but can also be attended by staff who need additional training, who are under a competency process, or feel they need a refresher in an area of their practice. Scheduled Survival Skills covers elements such as classroom management, authority anxiety, deciphering specifications and tips on how to reduce administration. The impact of this work is monitored through thematic and internal inspections, student and parent surveys and developing the capacity of middle managers to monitor and evaluate their provision.

Throughout 2020-21 we have responded well to external demands, from designing new ways to deliver programmes, to launching a Covid Testing Centre processing over 7,000 tests with little recognisable impact on the running of the college from an outside perspective. We have effectively developed a quick-reacting model for teaching online if required. This includes quality controls and methods of recording assessment and feedback, together with rapid reaction tutorial support. Our sharing of best practice both in College and with Benchmark partners remains impressive.

Finally, we have exciting developments within our Apprenticeship offer; being the first College in the country to offer the new Archaeology Field Technician Apprenticeship. This exciting development has attracted interest from archaeology units engaged on the new HS2 national infrastructure programme and the first students have just started this October.

This last year has been a challenging, and in many ways a difficult, environment to work in, but once again the College has successfully overcome obstacles, aspired to win, punched above its weight, and has weathered the storm to emerge successful in a host of key areas where other curriculum providers have struggled and failed.

After 15 years of successful partnership with the RAU their latest management team terminated our lecturer supply arrangement in summer 2021. We continue to explore other HE partners but the current climate of uncertainty militates against significant investment in this aspect of work. At some point we hope to secure a complementary partner for STEM, criminology and psychology courses along with higher apprenticeships but until the Government has clarified its approach, post-Augar to Levels 4 and 5 we are going to wait and see.

Employer Engagement

20/21 Apprenticeships

The College provides apprenticeship opportunities across an increasing range of business and professional programmes, developed in line with customer need. The College currently offers 20 different business and professional apprenticeship routes at levels 2, 3 and 4. New standards have been developed in several new areas (as part of the move from frameworks) including junior content producer, social media marketing, estate agency and archaeology. The biggest programmes continue to be business administration (L3) and customer service (L2) and we now deliver levels 2, 3 and 4 AAT. The Employer Engagement department has expanded its provision to a wider geographical area, including London and Hereford, and engages with over 300 of employers in Gloucestershire, Wiltshire, Bristol and Oxford for apprenticeships, T Levels, work experience, employability and curriculum links. The team manages between 120 and 150 apprentices on programme during an academic year. Despite lockdown and the difficulties imposed by Covid-19, the team successfully achieved all due completions ensuring that even those who were furloughed could achieve.

T-Level & Capacity and Delivery funded delivery

The CDF (Capacity Delivery Fund) project has continued to provide a blend of industry placements managed by the college and real-life part time jobs, with over 100 students starting a relevant placement. T-level placements have been successfully brokered – particularly for Construction T-Level now in its second year. Employer engagement activity is successfully securing placements based on either the college's day release model or curriculum planned blocked placements.

As part of our work on building employer links for T Levels, the College has established sector-based employer advisory panels. These panels meet each term and advise the college on the skills needs of their current and future workforce enabling us to develop the curriculum accordingly. The panels for the T-levels starting in 2022/23 will have their first meeting in the summer of 2022 although they will also be invited to the opening of the Gloucestershire Applied Digital skills centre building in the spring term.

Employers involved in T Levels and/or CDF include: CITB, Beard Construction, Rolls Royce., Nationwide, Dyson, Glos NHS, Great Western Hospital trust, Campden BRI, Corin, Gloucestershire County Council, Swindon Borough Council.

Work Experience

Work experience during Covid-19 has been particularly difficult and full of risk. Those who do not have

work experience as an integrated part of their curriculum, have been encouraged to record any part-time jobs and reflect on their skills development therein.

Where work experience is part of their course, for example T-levels and some vocational programmes, students are encouraged to find a placement with structured help and support from the team. The Employer Engagement team broker T-level placements and support the employer through an application process. Students are supported by their teacher/tutor through an employability element to their programme.

	Sep-Jun 2020	AA & BB Year 1	CC Year 2
Work Experience placements recorded on PDP (personal development plans)	267	192	75
work placements	94	71	23
Students with part-time jobs	173	121	52

Ofsted

Ofsted inspected the College in November 2018 deploying a team of 8 Inspectors. The grade for the College is “Good”. The inspection grade was a close call between grades 1 (Outstanding) and 2 (Good). Our drive to improve constantly and to meet the requirement of the updated August 2021 Education Inspection Framework would put us in a strong position to secure “Outstanding” were we to be inspected again. The whole College Quality Improvement Plan has clear targets to ensure that this target is met.

Internal inspections based around Ofsted deep dives have been organised of all areas where there is room for improvement. This process involves the Vice-Principals and Faculty Heads in ensuring a rigorous and effective quality process. Training sessions with all staff are scheduled throughout the Autumn as a means of preparing staff at all levels for the process.

Benchmarking

The College continues to engage in a wide range of collaboration around quality improvement and sharing of best practice. Key partners in this are the South West Benchmark Group of colleges, the Midlands Sixth Form Colleges Association, the Wessex group of 6th Form Colleges and the Maple Group of 6th Form Colleges. The College has led several successful partnership bids involving these Colleges, securing College Improvement (CCF) and Workforce Development funds during the last academic year.

2020-21 Trades Union Facility publication

2020-21 Trades Union Facility Time publication requirements.		
The College recognizes NUE, Unison, UCU in addition to staff representatives in a "Common Interest Group".		
Table 1	2019-20	2020-21
"CIG" Common Interest group including Relevant Union Officials	fte equivalent	fte equivalent
	0.12	0.08
Table 2		
% time	No. of employees	No. of employees
1-50%	14	12
Table 3		
Total cost of facility time	6,295	4,382
Total pay bill	7,752,085	8,321,861
% of total bill on facility time	0.07	0.05
Table 4		
Time spent on trade union activities as a % of total paid facility time	6.44%	8.70%

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2020 to 31 July 2021, the College paid 98% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Going Concern

The Governors consider the College to be a going concern for the foreseeable future. The effect of the "worst case" LGPS valuation still leaves balance sheet reserves of £6.2m.

This judgement is based upon the Corporation's knowledge of the College's financial position, in particular the liquidity retained in the College, its reserves and finance plan for the coming year and the next.

Academisation

The Corporation has reviewed its approach to potential academisation and has no plans to proceed currently. A meeting will be sought with the new Regional Skills Commissioner during early 2022 to establish their current position, which will then be considered by the Corporation in due course. Any further requirement for capital loan finance could further postpone any Academisation decisions.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives:

Financial

The College has £6.2 of net assets after £5.4m pension liability and long-term loan debt of £0.4m.

People

The College employs 223 people (expressed as full-time equivalents), of whom 134 are teaching staff.

Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and building strong external relationships.

Statement - Energy and Carbon regulations 2018

Prepared using the ESFA's good practice factsheet and published on the College website.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has a system of internal control which is embedded throughout its operations. This system includes financial, operational and risk management, and is designed to protect the College's assets and reputation.

Senior management regularly review the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. These internal controls are then implemented and subsequently reviewed for their effectiveness. Senior management will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk assurance register is maintained at the College level which is reviewed thrice annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the assurance actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

A "top four" constant list of principal risks that, at any time, may affect the College and accompanying mitigating action follows. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Hostile operating environment leading to not achieving 16-18 enrolment targets.

The impact of a combination of reduced 16-19 years public funding, funding bias in favour of schools, grammar-schools expansion, proliferation of small school sixth forms, the growth of Multi-Academy Trusts, poor/ biased careers guidance in schools, irrecoverable vat for FE institutions (Sixth Form schools and Academies can recover VAT), ESFA funding rule changes and as a rural college, exposure to student transport constitute our principal risk exposure. In 2020, the announcement of a new School for South Cheltenham will enable Balcarras School to significantly expand its sixth form from 2023. The growth of Great Western Academy in North Swindon, the new Eastern Villages school (and its plan to bring forward the opening of its sixth form to Sept 2022 rather than 2025) offer potential new threats.

The merger of Swindon College and New College has started to settle down and there is evidence that they are getting their act together, albeit not consistently. There is a risk that this will impact growth from Swindon area although they have suffered a lot of reputational damage through the merger.

The demographic dip in the numbers of 16-year olds is levelling off and will start to show a slow incremental increase over the next few years. 2,141 enrolments in 2017-18 growing to 2,302 in 2019-20, core 16-19-year enrolments in 2021/22 at R04 were 2639.

Paradoxically, as we grow, a combination of ESFA lagged funding and rurality mean that in-year

enrolment increases result in greater costs e.g. student transport, for which no income is received in the year of cost.

This year there has been a reputational risk affected by Stagecoach; where they were unprepared for the growth in student enrolments (despite regular communications and an open dialogue) which led to overcrowding on bus routes. They acted quickly to resolve the situation but there may be some lasting impact.

Four key enrolment risk mitigation approaches are:

Firstly, ensuring that we continue to deliver outstanding student experience and results. We continue to retain a reputation for excellent A-level results. Student and parental feedback is also very positive (particularly through Covid). We continue focus on supporting students to raise retention, improve estates and facilities offer and investment in student transport subsidy.

Secondly, we have a continuous engagement with stakeholders such as schools, local authorities, local institutions, MPs and LEAs.

Thirdly, increasing effectiveness of our marketing. We are increasingly excluded from guidance events in many schools and therefore have to find work-arounds. These include developing a stronger on-line/social media presence, supporting school careers advisers to meet relevant Gatsby benchmarks and involvement with GROWS/Study Higher (widening participation in HE) projects.

Fourthly, we targeted schools who were smaller feeders but with big potential for growth i.e., no alliance with a sixth form or little faith in their current alliance, happy to have us help them with their careers programme, already had high achievers with us and have potential for more. This helped to mitigate the impact of the dip in demographics with bigger feeder schools and spreads the risk. In addition, it works within the existing bus routes, keeping the travel time to a minimum and not increasing costs. This is underpinned by our transport network deal with Stagecoach.

Finally, to mitigate the risk of Stagecoach affecting our retention at the beginning of next year, we have put in place a data collection system to better inform them of the numbers for each service/stop.

2. Hostile funding environment – Advocacy by the Sixth Form Colleges Association in which the College played an active part secured an additional £188 (16-19 students are approx. £700 p head short) per head, high value Science and vocational, Maths and English top-up funding and Teachers Pensions increase support grant are only confirmed up to 31st July 2022.

October 2021's spending review statement to Parliament indicated some continuance of the modest increases secured. We await formal funding allocation details.

3. Inability to recruit high calibre staff; including in-year leavers and maternity cover

Candidate fields for teaching posts remain highly competitive across all subjects and weak in several areas. We have tried to address this through in-house training of unqualified staff, improved HR practices and significant improvements to staff pay. This has had positive impact and pressure has eased slightly. However, we still struggle to replace lecturers who leave in-year and for some high-demand subjects. This threatens both quality and continuity of teaching. There remains a national shortfall of teachers, especially in some STEM areas and national training schemes and funding continue to favour schools rather than colleges.

Mitigation measures include:

- Setting up an employment micro-site which emphasizes the non-pay sector, student body and

locality benefits to prospective teaching staff. Initial signs are positive with slightly better selection fields in 2018-19.

- Reducing the first-year burden on new entrants to teaching by deferring qualification until years 2 and 3.
- Finding efficiencies to generate pay rises.
- Training for line managers in recruitment
- Improving the recruitment experience for candidates.
- Improved targeting and processing in HR

4. Inability to operate at a financial surplus resulting in declining investment and reduced reserves

Fierce competition for 16-19 year enrolments, the lagged funding formula when enrolments rise sharply, funding deficit per-head pressures on 16-18 education, in-year student transport costs and employment costs impose annual cost and resource management challenges on the College. Inability to operate at a surplus, risks a lower ESFA rating with the threat of intervention by the FE Commissioner. More urgently, it severely restricts our ability to pay sufficiently to recruit and retain good staff.

Work done by the Finance Director, Principal and Senior Leadership Team over the last 4 years has paid off resulting in a transparently clear view of the College's financial position throughout the year that supports accountability, income/cost management and an ambitious Building programme. The College's spend profile has now been re-based at a lower level than for 2015-16 and prior years. The College is therefore in a stronger position to weather contingencies and emerging challenges.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Cirencester College has many stakeholders. These include:

- Students and parents;
- Funding bodies;
- Staff;
- Local employers;
- Local Authorities;
- Government Offices/ Local Enterprise Partnerships;
- Multi-agency social bodies:
- The local community;
- Feeder Schools;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies;
- National Organisations and Skills Academies.

The College recognises the importance of these relationships and engages in regular communication with them through a variety of means.

The College has an effective student voice strategy to gather the views of students and other stakeholders on a wide range of issues (including teaching, learning and assessment, curriculum, timetabling, resources, environment, student services, enrichment, facilities, employability, communication and values) in order to raise standards and improve customer experience. All areas of the College are required to take account of student voice and customer feedback and it is a key element in appraisal of those areas. The Quality Team ensures that customer issues are fully investigated, addressed and trends analysed and reported regularly to the Senior Leadership Team and the Corporation. The impact of learner voice, and student awareness of it, is regularly assessed. Direct representation includes student, staff and parent Governors, student barometer groups and

occasional student forum, course representatives and staff fora as well as the Self-Assessment Process. In addition, student views are gathered in internal Inspections, quick on-line polls and suggestion boxes. Parent Zone comments, Facebook and Twitter trends, focus groups and customer feedback (complaints and compliments). Headline student, staff and parent voice issues are reported to the Corporation.

We have a well-publicised, robust, centralised and open access customer feedback system to address any concerns. This ensures that issues are dealt with at a high level and with consistency and impartiality. In 2020-21 the volume of feedback was unprecedented and at time created operational problems. We have reformed our processes in the light of this.

Common Interest Group, Faculty meetings, all-staff meetings, Staff Survey and representation on the Corporation provide opportunities for staff to contribute to the College's development. The College has developed a tariff of internal staff development events and activities which forms a matrix with staff roles and responsibilities to produce a schedule for training. Staff rate development opportunities highly.

The Principal has prioritised the raising of the College's profile locally and particularly politically. We now have good communications with Cirencester, Swindon and Cotswold councils, Gloucestershire and Swindon Local Enterprise Partnerships and Swindon Institute of Technology. We have partial contacts at Gloucester County Council and none at Wiltshire County Council, both of which will be targets this year.

Charitable and taxation status

The College is an exempt charity for the purposes of the Charities Act 1993 and is not liable to corporation tax.

Equal opportunities and employment of disabled persons

Cirencester College is committed to ensuring equality of opportunity for all who learn and work here. We respect and celebrate differences in ability, disability, race, gender, age, religion or belief, pregnancy and maternity, sexual orientation, gender reassignment and class.

The College's employment policy is to consider all applicants on their merits and to welcome applications from disabled persons, inviting them to interview where they fulfil the requirements of the post advertised. The College will always endeavour to continue the employment of persons who become disabled in the course of their employment. Career development, promotion and training opportunities are open to all employees.

The College actively meets its duty to promote Equality and Diversity embedding tolerance and mutual respect in everything we do; this means that events are celebrated, and activities organised throughout the year in addition to staff ensuring that norms of Equality & Diversity are fully embedded in the curriculum and the subject of tutor-led and on-line debate.

Disability policy

The College seeks to achieve the objectives set out in the Equality Act 2010 and in particular makes the following commitments:

- i) Develop an organisational approach which promotes equality of opportunity between disabled persons and other persons;
- ii) Eliminate harassment of disabled persons which is related to their disabilities;
- iii) Promote positive attitudes towards disabled persons and encourage participation by disabled persons;

- iv) Take steps to take account of disabled persons' disabilities, and make considerations into whether this would involve treating disabled people more favourably than other persons;
- v) Aim to ensure that environmental, attitudinal and organisational factors within our control are free from unfair discrimination and that disabled people are able to participate fully as staff and students of the College;
- vi) Ensure that all students and employees have appropriate opportunities to disclose their disabilities/learning difficulties throughout their time at the College;
- vii) Ensure that students have access to flexible and inclusive learning opportunities and that information on support is available;
- viii) Provide students with individual learning programmes;
- ix) Ensure that disabled staff and students have access to specialist equipment and technology where appropriate to allow equality of opportunity;
- x) Provide information in a variety of formats to ensure equal access;
- xi) Maintain links with external agencies to ensure the provision of appropriate and effective support for staff and students with disabilities and/or learning difficulties;
- xii) Ensure that where appropriate, its services and facilities are open to the public and that members of the public have equal treatment when accessing them.

As part of its accommodation strategy the College carries out regular access audits. The results of these ensure improving accessibility is at the forefront of any site modifications.

There is an admissions policy for all students. Appeals against a decision not to offer a place are dealt with under the complaints policy.

The College has an Academic / Learning Support Department that provides information, advice and arranges support based on individual needs, where necessary, for students with a range of disabilities.

The College has a team of specialists to support students with learning difficulties and/or disabilities. There are a number of learning support assistants who can provide a variety of support for learning both in and outside of the classroom. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available where required.

Counselling and welfare services are described in the College Student Guide, which is given to students together with the Student Code of Conduct at induction. Easy and quick access to services is available on the student intranet at any time.

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 under Chairman's action on behalf of the members of the Corporation on 15th December 2021 and signed on its behalf by:



Peter Holmes
Chair

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Year ended 31 July 2021

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 1st August 2020 to 31st July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges; and
- iii. having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the further education sector.

The Governing Body 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 complies with The Code of Good Governance for English Colleges (“the Code”), issued by the Association of Colleges in March 2015 which it formally adopted on 5th October 2015. This summary describes the manner in which the College has applied the principles set out in the Code and explains any significant deviations from these. Compliance with the Code is regularly reviewed, and in the opinion of the Governors, the Corporation and the College were complying with the provisions of the Code during the year ended 31st July 2021.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these financial statements. The Corporation is only involved in activities that will further its charitable objects and do not put its charitable status at risk.

The Corporation operates a hybrid approach to governance. Whilst retaining elements of policy governance such as collective decision-making at Board level, the hybrid governance approach includes designation of ‘Focus Governor’ roles to ensure depth of understanding, scrutiny and support in key areas of the College’s work such as ‘Teaching & Learning’, ‘Audit & Risk’, ‘Finance’, ‘Estates’, ‘IT’, ‘Marketing’, ‘Pastoral support’, ‘Safeguarding’, and ‘Health & Safety’. This governance model continues to be regularly reviewed by the Corporation to ensure that it is the most effective way of fulfilling its role and clearly demonstrate strategic leadership and support and challenge of the senior leadership team.

The Corporation reviews the mission, vision, values and strategic goals of the College each year. The Strategic Plan for 2017-22 was reviewed for effectiveness by the Corporation at each meeting via the consideration of a series of Key Performance Indicators (KPIs). The Corporation has carried out considerable work with college management on the development of the Strategic Plan for 2022-2027. The Corporation monitors management actions and reviews the risks faced by the College each term. All operational matters are the responsibility of management, led by the Principal.

The Corporation assesses its performance annually and identifies areas for improvement during the following year. Progress against improvement targets is regularly monitored by the Search & Governance Committee. The Corporation’s self-assessment for 2020/2021 will be published with the College’s self-assessment report in December 2021.

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. Appointments, end of tenure and resignations during the specified period are highlighted.

Name	Category of membership	Date of appointment	Tenure until	Membership of Committees	Actual/possible attendance of members at Corporation and Committee meetings 2020-2021
Karen Bell	Staff (Academic)	1/7/2019	30/6/2022		Corp. (4 of 7)
Jane Fern (new appointment)	Staff (Support)	8/1/2021	7/1/2024	Search & Governance	Corp. (4 of 4) S&G (2 of 2)
Jim Grant	Principal	12/09/16	-	Search & Governance	Corp. (7 of 7) S&G (3 of 3)
Rebecca Halifax	External	10/12/2018	9/12/2022	Search and Governance	Corp. (6/7) S&G (2/3)
Chris Haslam	External	22/05/17	21/5/2024	Audit	Corp. (4 of 7) Audit (2 of 3)
Mike Hellens Tenure ended 29/6/2021	External External re-appointment	30/06/14	29/06/21	Corporation Vice-Chair (External) from 01/09/18 to 31/08/2021 Search and Governance Remuneration	Corp. (5 of 7) S&G (2 of 3) Rem. (2 of 2)
Peter Holmes	External	27/02/17	26/3/2024	Chair of Corporation from 27/03/17 to 26/03/21 27/3/2021 to 26/3/2024 Remuneration Search & Governance	Corp. (7 of 7) Rem. (2 of 2) S&G (2 of 3)
Tabitha Huxham Tenure ended 14/7/2021	Student	15/11/2019	July 2021		Corp. (5 of 7)
Mariama Ifode-Blease	External	10/12/2018	9/12/2022	Search and Governance	Corp (5/7) S&G (2/3)
Paul Jones	Co-opted	10/12/2018	9/12/2022	Audit	Corp (6/7) Audit (2/3)
Neil Owen (Tenure ended 12/12/2020)	Staff (Support)	13/12/14	12/12/2020	Search & Governance	Corp. (3 of 3) S&G (1 of 1)

Susie Richards	External	12/6/18	11/6/2022	Search & Governance Chair of Search and Governance 29/10/2018 2020/2021	Corp. (6 of 7) S&G (3 of 3)
Nicole Saunders	External Governor	22/05/18	21/05/24	Audit Vice Chair of Corporation 1/7/2019	Corp. (7 of 7) Audit (3 of 3)
Andrew Topp (new appointment)	Parent Governor	7/12/2020	Autumn 2022		Corp. (3 of 5)
Bridget Stockford Tenure ended 31/8/2021	Co-opted Governor	01/09/16	31/08/2021	Remuneration (Chair)	Corp. (5 of 7) Rem. (2 of 2)
Julian Tudsbery	External re-appointment	18/02/17	08/07/22	Audit (Chair) 2021-2022	Corp. (7 of 7) Audit (3 of 3)
Ben West	External	03/10/16	2/10/2023	Search and Governance	Corp. (7 of 7) S&G (3 of 3)
Bradley Whitefield (new appointment)	Student	23/11/2020	Summer 2022		Corp. (4 of 5)
David Zan-Kreyser	External	31/01/2018	30/01/2022	Audit Remuneration	Corp. (7 of 7) Audit (3 of 3) Rem. (2 of 2)

Mrs Jeannie Adam was Clerk to the Corporation for the 2020-2021 academic year.

The Corporation had previously determined its total membership as 15. As at 6th December 2021, there are 15 members and 1 co-opted member.

As restrictions continued to be in place due to Covid 19 all meetings of the Corporation and its committees were conducted on Microsoft Teams for the 2020-2021 academic year except for the final meeting of the Corporation on 28th June 2021 which was held in person at the college.

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 performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. There were 6 Corporation meetings and a Strategic Planning meeting in 2020/2021.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. In 2020/2021 there were committees for Audit, Remuneration and Search & Governance. Approved minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website or from the Clerk to the Corporation at:

Cirencester College
Fosse Way Campus
Stroud Road
Cirencester

Gloucestershire
GL7 1XA

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection 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 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, prior to Board meetings. Briefings are provided on an ad hoc basis and key documents are circulated to the Governors as soon as possible.

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.

Corporation self-assessment

The Corporation carried out a self-assessment of its own performance for the year ended 31st July 2021 which is being collated at the time of writing. The full Corporation Self-Assessment Report is brought to the December Corporation meeting after the financial year and a Quality Improvement Plan arising from it sets out targets for improvement during that year.

Search and Governance Committee

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee consisting of eight Corporation members in 2020-2021 which is responsible for the selection and nomination of any new member, excluding places for elected staff, student and parent governors, for the Corporation's consideration. The committee is also responsible for ensuring that appropriate induction and training is provided as required, for advising the Corporation regarding the review of performance of the Corporation and its members and monitoring progress made against targets in the annual Quality Improvement Plan. The Search and Governance Committee met three times in 2020/2021.

Members of the Corporation are appointed for a term of office not exceeding three years. In line with the recommendation of the Association of Colleges' Code of Good Governance for English Colleges, External Governors may serve an initial probationary year followed by two further three-year terms.

Remuneration Committee

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and the Clerk to the Corporation. The Remuneration Committee met twice in 2020/2021.

Audit Committee

The Audit Committee comprises at least three members of the Corporation (excluding the Principal and Chair) and up to two co-opted members. Collectively, members of the Committee have current

professional expertise in risk management, finance, audit and assurance. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee met three times in 2020/2021. It provides a forum for reporting by the College's internal, reporting accountants and financial statements auditors, who have access to the Committee for independent discussion, without the presence of college management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College engages a firm of internal auditors to monitor those systems of internal control which were formerly prescribed by regulatory bodies. The Audit Committee considers each year the audits it requires on risk management, controls and governance processes and makes recommendations to the Corporation which determines the audits to be undertaken. Auditors' findings are reported to management and the Audit Committee. The audit commissioning process achieves the separation of internal audits from the Financial Statements audit.

Management is responsible for the implementation of agreed audit recommendations and follow-up reviews are held to ensure such recommendations have been implemented. A Register of Audit Recommendations is considered at each Audit Committee meeting and progress against each point of action is monitored.

The Audit Committee also advises the Corporation on the appointment of auditors and their remuneration for audit and non-audit work. It has oversight of the arrangements for protecting College assets and for arrangements to ensure value-for-money. It also oversees arrangements relating to whistleblowing and for dealing with any incidents of fraud.

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 the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memoranda between Cirencester College and the funding bodies. The Principal is 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 Cirencester 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 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 governing body
- regular reviews by the governing body 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
- adoption of formal project management disciplines, where appropriate

Following the decision of the funding bodies that colleges are no longer required to employ an internal audit service which conducts prescribed activities, the Corporation has decided that it will determine its own audit needs on the advice of the Audit Committee, having regard to an analysis of risk. The Corporation has adopted an assurance framework, reviewed annually, which sets out how it will achieve this assurance and describes the roles of management, governors and independent auditors. In addition to termly reports, the Audit Committee formally reports its activities, the outcome of audits and its assessment of the effectiveness of controls to the Corporation annually. This report is presented alongside the financial statements each year.

Review of effectiveness

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

- internal audit reports
- 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 Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of internal auditors and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit 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 and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation carries out regular assessments of risk a number of times during the year by considering documentation from the senior management team and internal auditors received through the Audit Committee or directly.

Based on the advice of the Audit Committee and the Principal, 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”.

The Corporation’s statement on regularity, propriety and compliance

The Corporation has considered its responsibility to notify the funding agencies of material irregularity, impropriety and non-compliance with the terms and conditions of its funding under the terms and conditions of the funding agreement in place between the College and the funding agencies. As part of its consideration, the Corporation has due regard to the requirements of the funding agreement.

We confirm, on behalf of the Corporation, that to the best of its knowledge, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the funding agencies’ terms and conditions of funding under the College’s funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the funding agencies.

Going concern

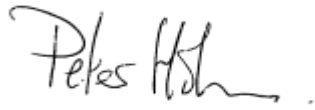
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future.

The College has taken account of the following factors in arriving at its judgement:

- The Area Based Review in September 2016 (Local Area Review) considered the College to be independently viable and supported the College’s strategy of remaining so with an Academisation option.
- The Corporation has reviewed its approach to potential academisation and has no plans to proceed currently. A meeting will be sought with the new Regional Skills Commissioner during early 2022 to establish their current position, which will then be considered by the Corporation in due course.
- The Education Skills Funding Agency has received the College’s July 2021 College Financial Forecast review (CFFR) confirming an “Outstanding” Financial Health assessment for fy 2021 and “Good” financial health assessments for fy 21-22 and fy 22-23.
- The College carries total net assets of £6.2m into 2021-22 with £3m cash (47%) held in termly deposits of up to one year. Net current assets at £3.7m provide further assurance.
- Long range prudent cash forecasts to fy 26-27 show that after full payment of any loan balance, the College will still have more than £1m. in cash reserves over any positive current account balance. This includes the effect of a Lloyds Bank 10 year T levels building loan of £1m scheduled for drawdown between April to July 2022.
- The College has opted into Gloucestershire LGPS pension strain insurance cover arrangements (part of national cover arrangements for all LGPS schemes) from 1st April 2020. This cover will insulate the College against new pension strain ill-health retirements arising.
- The management team have, over the last four years, amply demonstrated capacity to achieve better financial results than budgeted with a similar performance expected for 2021-22 and 2022-23.
- Enrolments of 16-19 year-old’s, which drive 90% of total income, in September 2021 and at the census point in academic year 2021-22 are 2,639 or 341 more than September 2020 which may, if threshold conditions are met, trigger significant in-year top-up funding.
- Risk management and assurance practices provide assurance that the College is actively managing its greatest risks i.e., 16-19 enrolments & continued financial viability.
- The College has considered the impact of the current uncertainty around Brexit and Covid-19 and are confident that good educational provision will continue to be delivered for the foreseeable future.

For these reasons, the College continues to adopt the going concern basis in preparing the financial statements.

**Approved under Chairman's action on behalf of the members of the Corporation
on...15th December 2021.....and signed on its behalf by:**



Peter Holmes

Chair



Jim Grant

Accounting Officer

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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

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

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



Jim Grant
Accounting Officer
15th December 2021



Peter Holmes
Chair
15th December 2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Funding Agreements between the Education and Skills Funding Agency and the Corporation, the Corporation, through its Accounting Officer, is required to prepare financial statements and, within the Members report, an operating and financial review for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and the 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 the result for that year.

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
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate.
- assess and prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

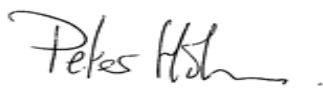
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, 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 the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 6th December 2021 and signed on its behalf on 15th December 2021 by:



Peter Holmes
Chair

Independent auditor's report to the Members of the Corporation of Cirencester College

Opinion

We have audited the financial statements of Cirencester College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement 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 and 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 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

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 College 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 other 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 opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 members of the corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Members of the Corporation, other than the financial statements and our auditor's report thereon. The Corporation's members are responsible for the other information contained within the annual report. 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 course of 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 and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation Members

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 27, 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 members determine 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 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 College or to cease operations, or have 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 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 the 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. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the members' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to defined benefit pension schemes and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the members of the corporation and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

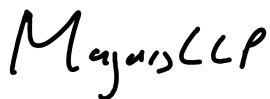
- Making enquiries of the members of the corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.



Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: 16 December 2021

To: The corporation of Cirencester College and Secretary of State for Education acting through the Department for Education (“the Department”)

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in the ESFA’s grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Cirencester College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

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

Respective responsibilities of Cirencester College and the reporting accountant

The corporation of Cirencester 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that 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 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

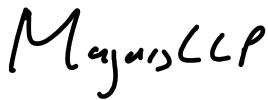
The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College’s regularity, propriety and compliance with Funding body terms and conditions of funding;
- Reviewed the College’s completed self-assessment questionnaire on regularity;
- Read the financial memorandum with the ESFA/funding agreement with the ESFA;

- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

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



Mazars LLP

Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol, BS1 6DP

Date: 16 December 2021

Statement of Comprehensive Income

COLLEGE	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
INCOME			
Funding body grants	2	11,890	10,428
Tuition fees and education contracts	3	532	575
Other grants and contracts	4	120	172
Other income	5	373	897
Investment income	6	18	34
Donations and Endowments	7	17	17
Total income		12,950	12,123
EXPENDITURE			
Staff costs	8	8,959	8,268
Other operating expenses	9	2,838	3,254
Depreciation	12	557	574
Interest and other finance costs	10	79	76
Total expenditure		12,433	12,172
Surplus/Deficit before other gains and losses		517	(49)
Surplus/(Deficit) before tax		517	(49)
Taxation	11	-	-
Surplus/(Deficit) for the year		517	(49)
Actuarial Gain/(Loss) in respect of pensions	25	418	(1,611)
Total Comprehensive Income/(Deficit) for the year		935	(1,660)
Represented by:			
Restricted comprehensive income		0	0
Unrestricted comprehensive income		935	(1,660)

Statement of Changes in Reserves

COLLEGE	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1st August 2019	3,979	2,916	6,895
(Deficit) from the income and expenditure account	(49)	-	(49)
(Deficit) from other comprehensive income	(1,611)		(1,611)
Transfers between revaluation and income and expenditure reserves	46	(46)	0
Total comprehensive deficit for the year	(1614)	(46)	(1,660)
Balance at 31st July 2020	2,365	2,870	5,235
Surplus from the income and expenditure account	517	-	517
Surplus from other comprehensive income	418		418
Transfers between revaluation and income and expenditure reserves	47	(47)	0
Total comprehensive surplus/(deficit) for the year	982	(47)	935
Balance at 31 July 2021	3,348	2,823	6,171

Balance Sheet as at 31 July 2021

	Notes	College 2021 £'000	College 2020 £'000
Non-current assets			
Tangible Fixed assets	12	18,553	16,792
			16,792
Current assets			
Stocks		2	2
Trade and other receivables	14	188	219
Cash and cash equivalents	20	6,444	3,725
		6,634	3,946
Less: Creditors – amounts falling due within one year	16,19	(2,933)	(1,954)
Net current assets		3,701	1,993
Total assets less current liabilities		22,254	18,785
Creditors – amounts falling due after more than one year	17	(10,674)	(8,393)
Provisions			
Defined benefit obligations	19	(5,409)	(5,157)
Total net assets		6,171	5,235
Unrestricted Reserves			
Income and expenditure account		3,348	2,365
Revaluation reserve		2,823	2,870
Total unrestricted reserves		6,171	5,235

The financial statements on pages 33 to 55 were approved by the Corporation on 6th December 2021 and signed on behalf of the members of the Corporation on 15th December 2021 by:



Peter Holmes
Chair



Jim Grant
Accounting Officer

Statement of Cash Flows

COLLEGE	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Deficit for the year		935	(1,660)
Adjustment for non-cash items			
Depreciation	12	557	574
(Increase)/decrease in stocks			
(Increase)/decrease in debtors	14	31	(15)
Increase/(decrease) in creditors due within one year	16	907	(706)
Pensions costs less contributions payable	25	252	2,100
Deferred Capital Grant released to income	2	(239)	(208)
Loss on disposal of fixed assets		0	0
Adjustment for investing or financing activities			
Investment income	6	(18)	(34)
Interest payable	10	3	7
Net cash flow from operating activities		2,429	58
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments		-	-
Deferred capital grants received	17	2,679	515
Investment income	6	18	34
New deposits		-	-
Payments made to acquire fixed assets	12	(2,318)	(481)
		379	68
Cash flows from financing activities			
Interest paid	10	(3)	(7)
Interest element of finance lease rental payments		-	-
New unsecured loans		-	-
Repayments of amounts borrowed	18	(86)	(103)
Capital element of finance lease rental payments		-	-
		(89)	(110)
Increase/(Decrease) in cash and cash equivalents in the year	20	2,719	16
Cash and cash equivalents at beginning of the year	20	3,725	3,709
Cash and cash equivalents at end of the year	20	6,444	3,725

Notes to the Accounts

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 incorporated in England as an exempt charity under the Further Education and Higher Education Act 1992 regulated by the Department for Education and has 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 FRS 102 1st August 2014 transition date for certain non-current assets.

Going concern

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

The College currently has £0.4m of loans outstanding with Lloyds Bank plc on terms negotiated in 2003 with final repayment dates in 2025 (note 18). A new £1m Lloyds Bank 10 year T levels building loan is secured for drawdown between April and July 2022. The College's forecasts and financial projections indicate that it will be able to operate within the aggregated facility and covenants for the foreseeable future.

The Corporation has reviewed its approach to potential academisation and has no plans to proceed currently. A meeting will be sought with the new Regional Skills Commissioner during early 2022 to establish their current position, which will then be considered by the Corporation in due course.

The College has secured a £4.5m capital grant from GFirst LEP's Local Infrastructure (Getting Building) Fund to part fund a £ 5m Gloucestershire Applied Digital Skills Centre (GADSC) 3 storey building scheduled for completion in February 2022.

The College also applied for a £4m Post-16 Capital Fund grant for a £5.3m 3 storey T Level building to be completed in the autumn of 2022. A Lloyds Bank £1m capital loan and College reserves funding provides the matched funding contribution.

The College has sufficient funds to meet any contingencies arising from both projects.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, whether as a Sixth Form College or an Academy and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Funding body grants are accounted for under the accrual model as permitted by FRS 102 and are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Learner responsive funding for 16-18 year olds is not normally subject to reconciliation being enrolment sensitive and is therefore not subject to contract adjustments. The Adult and Apprenticeship funding elements are normally adjusted for in year, as income receivable in these areas is based on what has been earned, capped by the maximum or such adjusted contract value agreed with the appropriate funding body. Such in year adjustments may include funding claw-backs where appropriate.

Other discrete funds received during the year from government funding agencies are taken to income as associated expenditure is incurred in line with the specific terms and conditions attached to each fund by the funding agency.

Where the College receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the ESFA (see note 27).

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is paid.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met (see notes 16 & 17).

Accounting for post-employment benefits

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are funded by employee and regulated employer contributions.

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 23.68% contribution is determined nationally by the Governments Actuaries Department on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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.

The LGPS is a funded scheme run by Gloucestershire County Council. LGPS assets are measured by scheme actuaries 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. Detailed actuarial valuations are obtained triennially (last at 31st March 2019) 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 obligation/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 & obligations at the beginning of the period by the rate used to discount the benefit obligations.

Actuarial gains and losses are recognised immediately under “other” recognised 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.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Land and buildings, including those inherited from the local education authority, are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College (normally either 25 or 50 years, though the period may be significantly less for modular buildings which are generally between 3 and 10 years).

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years or such other objective metric appropriate to the adaptation.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related government 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 or justified.

On adoption of FRS 102 in July 2016, the College followed transitional provisions and retained the carrying values of freehold properties at 1st August 2014 as deemed cost and measured at fair value. The Revaluation reserve was reinstated to carrying values at 1st August 2014 and forms part of the realised Income and Expenditure reserve

Assets under construction

Assets under construction are accounted for at cost, based on the value of professional project manager Payment Certificates issued against Royal Institute of Chartered Surveyors (RICS) standard UK building templates 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 £1,000 per individual item is recognised as expenditure in the period of acquisition except where this expenditure is part of a major project. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

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

Motor vehicles and general equipment	-	5 years
Computer equipment	-	4 years
Fixtures and fittings	-	5 years
Plant	-	10 - 20 years

No depreciation is provided on assets in the course of construction. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

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. 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. The College has no finance leases to 31st July 2021 or at the signing date.

Inventories

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

Maintenance and refurbishment of premises

The cost of routine corrective maintenance and refurbishment programmes is charged to the income and expenditure account in the period that it is incurred unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Cash and cash equivalents

Cash for the purpose of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand and sums on short term deposits (less than one year at 31st July) with recognised banks and building societies.

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 College 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 College 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.

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 a minor element 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 is eligible for zero-rated design and build building construction supply upon issue of appropriate certificates under S18.1 Notice 708 to appropriate construction companies.

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. Note 23 refers to a Contingent liability recognised for the period covered by the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds from funding bodies. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College and disclosed in Note 27 except for the proportion available to the College to cover administration costs relating to the grant. The College employs one member of staff, part of whose time is dedicated to the administration of Learner Support Fund application and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine 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.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. 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 25, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2021	2020
	£'000	£'000
Recurrent grants		
Apprenticeships and Adult Education funding	551	586
Education & Skills Funding Agency 16-19	10,809	9,329
Office for Students	-	-
Specific grants	291	305
Releases of government capital grants	239	208
Total	11,890	10,428

3 Tuition fees and education contracts

	2021	2020
	£'000	£'000
Adult education fees	48	37
Apprenticeship fees and contracts	12	4
Fees for HE loan supported courses	310	429
Total tuition fees	370	470
Education contracts	162	105
Total	532	575

4 Other grants and contracts

	2021	2020
	£'000	£'000
HMRC furlough scheme	26	19
UK-based charities	38	134
European Commission	4	0
Other grants and contracts	12	19
Covid testing on campus	40	-
Total	120	172

5 Other income

	2021	2020
	£'000	£'000
Catering and residences	302	373
Other income generating activities	59	483
Other grant income	-	-
Non-government capital grants	-	-
Miscellaneous income	12	41
Total	373	897

6 Investment income

	2021	2020
	£'000	£'000
Other investment income	18	34
Total	18	34

7 Donations

	2021	2020
	£'000	£'000
Sundry donations at enrolment and during the year	17	17

8 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents (fte's) and head count (hc's) was:

	2021	2020
	fte.	fte.
Teaching staff	134	135
Non-teaching staff	89	89
Full-time equivalent staff	<u>223</u>	<u>224</u>

	2021	2020
	headcount	headcount
Teaching staff	131	141
Non-teaching staff	131	131
Staff headcount	<u>262</u>	<u>272</u>

Staff costs (continued)

	2021	2020
	£'000	£'000
Wages and salaries	6,171	5,862
Social security costs	548	510
Other pension costs (note 25)	2,197	1,851
Apprenticeship levy	16	15
Payroll sub total	<u>8,932</u>	<u>8,238</u>

Contracted out staffing services	21	64
	8,953	8,302
Fundamental restructuring costs – Contractual	7	1
- Non contractual ¹	-	(35)
¹ managed provision underspend for employment tribunal related		
Total Staff costs	8,959	8,268

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 Leadership Team comprising the Principal, 3 Vice Principals - Quality & Curriculum, Teaching & Learning and Student Services, Human Resources manager, Finance Director and Operations Director respectively. Staff costs include £7k paid to key management personnel for loss of office in compliance with College Financial Regulations under delegated authority from the Corporation.

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

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

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

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£20,001 to £25,000 p.a.	-	-	-	-
£25,001 to £30,000 p.a.	-	-	1	-
£35,001 to £40,000 p.a.	-	-	1	1
£40,001 to £45,000 p.a.	-	1	3	4
£45,001 to £50,000 p.a.	1	-	6	3
£50,001 to £55,000 p.a.	-	1	-	-
£60,001 to £65,000 p.a.	-	4	-	-
£65,001 to £70,000 p.a.	5	-	-	-
£70,000 to £75,000 p.a.	-	-	-	-
£100,001 to £120,000 p.a.	1	1	-	-
	7	7	11	8

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries	494	457
Employers National Insurance	58	55
Benefits in kind	-	-
	552	512
Pension contributions	116	107
Total key management personnel compensation	668	619

There were no amounts due to key management personnel that were waived in the year. Pension contributions are made on the basis of standard “net pay” payment arrangements in place.

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

	2021	2020
	£'000	£'000
Salaries	117	113
Benefits in kind	-	-
	<u>117</u>	<u>113</u>
Pension contributions	<u>28</u>	<u>26</u>

Pension contributions for the Principal and senior post-holders are contributions to the Teachers’ Pension Scheme and Local Government Pension Scheme and paid at the same rate as that for other employees.

The Corporation complies with the Association of College’s Senior Staff Remuneration Code and will assess pay in line with its principles in future as part of the overall budget setting process.

The remuneration package of the Principal, is subject to annual review by the Remuneration Committee of the Corporation who use benchmarking information to provide objective guidance.

The Principal reports to the Corporation, who undertake an annual review of performance against the college’s overall objectives using both qualitative and quantitative measures of performance relating to student retention, progression and achievement, financial and operational viability.

Pay multiple

The pay multiple relationship between the Chief Accounting Officer and the median of all other pay is:

	2021	2020
	£'000	£'000
Basic salary	4.5	4.62
Total emoluments	4.5	4.62

Compensation for loss of office paid to former key management personnel

	2021	2020
	£'000	£'000
Contractual Compensation paid to the former post-holder	7	-
Estimated value of other benefits, including provisions for pension benefits	200	-

The members of the Corporation other than the Accounting Officer and staff Governors (members) did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

A pension strain provision under Compensation for loss of office arises from a restructuring carried out in July 2021 resulting in the redundancy of a member of the Local Government Pension scheme.

9 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	358	479
Non-teaching costs	744	1,163
Administration and central services	592	629
Premises costs	952	718
Other income generating activities	36	89
Catering and residence operations	156	176
Total	2,838	3,254

Other operating expenses include:	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	29	18
Internal audit	6	5
Hire of assets under operating leases	43	26
Education subcontracts	99	114

10 Interest and other finance costs

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	3	7
	<u>3</u>	<u>7</u>
Pension finance costs (note 25)	76	69
Total	<u>79</u>	<u>76</u>

11 Taxation

The members do not believe that the College was liable for any corporation tax arising out of its charitable activities during either period.

12 Tangible fixed assets

	Land and buildings	Equipment	Assets in the course of construction	Total
	Freehold			
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	20,063	1,296	213	21,572
Additions	-	74	2,244	2,318
Transfers	585	119	(704)	-
Disposals	-	(350)	-	(350)
At 31 July 2021	20,648	1,139	1,753	23,540

Depreciation				
At 1 August 2020	4,121	659	-	4,780
Charge for the year	374	183	-	557
Elimination in respect of disposals	-	(350)	-	(350)
At 31 July 2021	4,495	492	-	4,987
Net book value at 31 July 2021	16,153	647	1,753	18,553
Net book value at 31 July 2020	15,942	637	213	16,792

Land and buildings were valued for the purpose of the 1999 financial statements at depreciated replacement cost by GVA Grimley, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes.

Completed land and buildings with a net book value of £10.583m (2014-15: £7.140m, 2015-16: additions £2.858m, 2020-21 £0.585m) have been partly financed from exchequer funds, through for example the receipt of capital grants. £2.679m of public sector capital grants received in 2020-21 funding building and equipment assets, both completed and assets in construction, are credited to a Deferred Capital grant liability account (note 17). Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the ESFA, to surrender the proceeds.

13 Non-current investments

There are no non-current investments in either year.

14 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	13	41
Prepayments and accrued income	175	178
Total	188	219

15 Current investments

There are no current investments during the year

16 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans	127	102
Trade payables	5	43
Other taxation and social security	297	281
Payments received on account	186	117
Accruals and deferred income	1,574	834
Holiday pay accruals	102	98
Deferred income - government capital grants	279	230
Deferred income - government revenue grants	262	193
Amounts owed to/ (from) the ESFA.	101	56
Total	2,933	1,954

17 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans	282	392
Deferred income - government capital	10,392	8,001
Total	10,674	8,393

18 Maturity of debt

Bank loans

Bank loans and overdrafts are repayable as follows:

	2021	2020
	£'000	£'000
In one year or less	127	102
Between one and two years	102	102
Between two and five years	180	290
In five years or more	-	-
Total	409	494

- A bank loan of £138,504 (2020: £173,130) was converted to 0.75% over libor on 1 April 2019. Following the cessation of libor from December 2021, loan is converting to variable 0.75% over base rate terms. The Loan is repayable by July 2025.
- A variable bank loan of £270,342 (2020: £321,024) is repayable by 31 July 2025. Interest is charged at 0.75% above Lloyds Bank base rate.
- The April 2022 Lloyds Bank 10 year £1m T Levels building loan is priced at 2.5% over base with a five year review.
- All loans, investments and short term deposits held by the College 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).

19 Provisions

	2021	2020
	£'000	£'000
At 1 st August	85	105
Payroll and HR related (note 16 and note 8)		
Strike pay/HMRC tax dispute (note 16)	(5)	(6)
Restructuring provisions (note 8)	26	(35)
Employment Tribunal related support (note 9)	-	(30)
Local Government Pension early retirement pension strain	(51)	51
At 31 July	255	85

LGPS pension scheme defined benefit obligations -

	2021	2020
	£'000	£'000
At 1 August - deficit	5,157	3,057
Expenditure in the period	-	-
Employer service cost	1,161	960

Employer contributions	(567)	(551)
Past service costs	-	11
Net return on assets	76	69
Actuarial loss/(gain) - (reported on Statement of Comprehensive income)	(418)	1,611
At 31 July	5,409	5,157

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 25.

The principal assumptions for this calculation are:

	2021	2020
Pension Increase rate	2.8%	2.1%
Salary increase rate	3.1%	2.4%
Discount rate	1.6%	1.4%
Total provisions at 31st July	5,664	5,242

20 Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	Other changes £'000	At 31 July 2021 £'000
Cash and cash equivalents	3,725	2,719	-	6,444
Total	3,725	2,719	-	6,444

21 Capital and other commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	3,092	43
Commitments authorised but not contracted for at 31 July	-	-

Capital commitments of £3.1m refer to the Gloucestershire Applied Digital Skills Centre building construction in progress for completion in February 2022. "At risk" spending on the Post 16 Capital Fund (P16CF T Levels building) prior to 31st July 2021 refer to cancellable contracts if no grant is received, so no commitments are recognised.

22 Lease obligations

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

	2021 £'000	2020 £'000
Other		
Not later than one year	25	26
Later than one year and not later than five years	8	31
Later than five years	-	0
	<u>33</u>	<u>57</u>

23 Contingent liabilities

Wessex Group administrator redundancy commitment capped at 4% or approx. £2,000.
College contribution towards termination costs of administrator employed on behalf of Wessex Group by Queen Mary College, Basingstoke. Contributions are based upon % subscriptions to the Group or 4% for the College.

24 Events after the reporting period

No operating events that affect the reporting period.
A £4m Post-16 Capital Fund award notified on 20th October 2021 supports the £210k "at risk" spend to 31st July 2021 for a £5.3m "T Levels" building.

25 Defined benefit obligations

College 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 Gloucestershire County Council. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2021	2020
	£000	£000
Teachers' Pension Scheme: contributions paid	836	785
Local Government Pension Scheme:		
Contributions paid	567	549
FRS 102 (28) Current service charge	594	420
Charge to the Statement of Comprehensive Income	1,161	969
Tier 1 Early retirement pension strain charge	200	97
Enhanced pension charge to Statement of Comprehensive Income	-	0
Total Pension Cost for Year within staff costs	2,197	1,851

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. Contributions amounting to £158,472 (2020: £152,589) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments for further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 5th March 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay, a 7.2% increase arising from i) changes in assumptions 3.1%, change in scheme accrual rate 3.3% and a 0.8% adjustment to allow for the time between 1st April 2016 commencement and 1st September 2019 when the 23.68% came into effect.
- total scheme liabilities for service to the effective date of £218 billion, and notional assets of £196 billion, giving a notional past service deficit of £22 billion;
- An employer contribution correction cost cap of 7.3% of pensionable pay.

The new employer contribution rate for the TPS was implemented from 1st September 2019 where the 7.2% increase from the former 16.48% employer contribution rate is funded by additional ESFA grants in each tax year.

A full copy of the March 2019 valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

Pension costs paid to TPS in the year amounted to £836,000 (2020: £785,000)

FRS 102 (28) – treatment of the Teachers Pension Scheme costs in the accounts

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Gloucestershire County Council. The total contributions made for the year ended 31 July 2021 were £709,000 (2019-20 £679,000), of which employer's contributions totalled £567,000 (2019-20 £551,000) and employees' contributions totalled £142,000 (2019-20 £128,000). Following the triennial *surplus* valuation carried out for March 2019, contribution rates for future tax years were set at 24.8% for employers and range from 5.5% to 12.5% for employees, depending on salary. No secondary employer's contribution was set (31st March 2016 valuation had a £166,000 employer's secondary contribution over 3 years to 31st March 2019). Contribution rates were set to achieve a fully paid up fund in 14 years from 31st March 2019 (17 years at 31st March 2016) at 75% confidence level.

Guaranteed minimum pension ('GMP') equalisation charge

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). LGPS fund actuaries allowed for the impact of full GMP indexation in the calculation of the 31 March 2019 triennial funding valuation results. This valuation position is used as the starting point for the accounting roll-forward to 31 July 2020 and therefore any increase to College obligations as a result of GMP indexation is fully recognised within the closing balance sheet position at 31st July 2021. Obligations arising from a further Lloyds ruling relating to historical transfers are unlikely to have a significant impact on liabilities and no allowance has been made at 31st July 2021.

McCloud judgement

Additional liabilities arise from the 27 June 2019 UK Supreme court judgement refusing the Government's right of appeal against the December 2018's Court of Appeal's finding for discrimination in the application of transitional protections applied to the changes to public sector defined benefit schemes in 2015 i.e. moving to career average earnings and the adoption of the consumer prices index. Local Government Pension schemes fall within the scope of the McCloud judgement. Fund actuaries in 2019-20's valuation included the impact of the McCloud judgement within the past service cost £11,000 figure within FRS102 (28) valuation. No further adjustment has been made.

Goodwin (past underpayments of spouse's benefits), Walker and O'Brien court judgements are unlikely to have significant impacts on pension obligations and until further guidance is issued from the LGA, no allowances have been made to 31st July 2021.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by Hymans Robertson LLP, qualified independent actuaries to Gloucestershire County Council.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.1%	2.4%
Future pensions increases	2.8%	2.1%
Discount rate for scheme liabilities	1.6%	1.4%
Commutation of pensions to lump sum: pre-April 2008 service	35.0%	35.0%
Commutation of pensions to lump sums: post-April 2008 service	68.0%	68.0%

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

	At 31 July 2021	At 31 July 2020
	years	Years
<i>Retiring today</i>		
Males	21.9	21.7
Females	24.3	23.9
<i>Future pensioners</i>		
Males	22.9	22.4
Females	26.0	25.3

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

	Long-term rate of return expected at 31 July 2021	Fair Value at 31 July 2021 £'000	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000
Equity instruments	1.6%	11,190	1.4%	8,516
Debt instruments	1.6%	3,568	1.4%	3,144
Property	1.6%	1,135	1.4%	1,048
Cash	1.6%	324	1.4%	393
Total fair value of plan assets		16,217		13,101
Actual return on plan assets		2,516		(438)

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

	2021 £'000	2020 £'000
Fair value of plan assets	16,217	13,101
Present value of plan liabilities	(21,626)	(18,258)
Net pensions (liability) (Note 19)	(5,409)	(5,157)

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	1,161	960
Past service cost	-	11
Total	<u>1,161</u>	<u>971</u>

Amounts included in interest and other finance cost (note 10)

Net interest cost	76	69
	<u>76</u>	<u>69</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	2,516	(438)
Experience losses arising on defined benefit obligations		0
Changes in assumptions underlying the present value of plan	(2,098)	(1,173)
Changes in demographic assumptions		0
Amount recognised in Other Comprehensive Income	<u>418</u>	<u>(1,611)</u>

Movement in deficit during the year

	2021	2020
	£'000	£'000
Net defined benefit (liability) in scheme at 1 August	(5,157)	(3,057)
Movement in year:		
Current service cost	(1,161)	(960)
Employer contributions	567	551
Past service cost	-	(11)
Net interest on the defined (liability)/asset	(76)	(69)
Actuarial gain or loss	418	(1,611)
Net defined (liability) at 31 July	<u>(5,409)</u>	<u>(5,157)</u>

Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	18,258	15,936
Current service cost	1,161	960
Interest cost	262	344
Contributions by Scheme participants	142	128
Experience gains and losses on defined benefit obligations	(265)	(83)
Changes in financial assumptions	2,102	1,448
Estimated benefits paid	(295)	(294)
Past Service cost	-	11
Demographic changes	261	(192)
Defined benefit obligations at end of period	<u>21,626</u>	<u>18,258</u>

Changes in fair value of plan assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	13,101	12,879
Interest on plan assets	186	275
Return on plan assets	2,516	(438)
Employer contributions	567	551
Contributions by Scheme participants	142	128
Estimated benefits paid	(295)	(294)
Fair value of plan assets at end of period	<u>16,217</u>	<u>13,101</u>

26 Related party transactions

Due 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 organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

Transactions with the ESFA are detailed in notes 2 and 16.

	number	2021	2020
		£'s	£'s
Number of Governors claiming subsistence allowances	-	-	
Number of Governors claiming subsistence allowances	5		1,281

27 Amounts disbursed as agent Learner support funds

	2021	2020
	£'000	£'000
Funding body grants – 16-19 ESFA discretionary bursary support	140	161
Funding body grants –Advance learning bursary	2	1
Funding body grants – childcare	-	0
Other Funding body grants (excluding Free School meals)	14	7
	<u>156</u>	<u>169</u>
Disbursed to students	(158)	(139)
Administration costs	(7)	(8)
Balance unspent as at 31 July, included in creditors	<u>(9)</u>	<u>22</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements have therefore been excluded from the income and expenditure account, other than when the College has directly incurred expenditure itself.

Payment of nursery fees, travel costs and other incidental costs of education by the College, on the student's behalf, are consolidated in the income and expenditure of the College's financial statements.