

WEST HERTS COLLEGE

Report and Financial Statements

For The Year Ended 31 July 2021

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Operating and Financial Review

Introduction

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

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting West Herts College ('the College' or 'WHC'). The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011, and is regulated by the Secretary of State for Education.

At midnight on 31 January 2019, West Herts College merged its activities with those of Barnfield College under a Type B merger. At that time/date, all assets, liabilities and activities of Barnfield College transferred to West Herts College as the continuing College, and Barnfield College as a separate legal entity was dissolved. West Herts College continues as a single legal entity and throughout this report will be referred to as the 'College' unless otherwise stated. Additionally, the brand of Barnfield College continues to be used, as this is recognised in its respective localities.

The College has a subsidiary called Together Training Limited in which it owns more than 50% of the issued shares. The company is limited by shares and is registered in England and Wales (Company Registration Number 09975696). Its principle activity is to deliver apprenticeship programmes to levy-paying employers. Throughout this report the College and subsidiary combined will be referred to as the 'Group' unless otherwise stated.

This operating and financial review comprises the following items:

- Overview of provision;
- Public benefit statement;
- Strategic plan;
- College performance;
- Performance indicators;
- Financial health;
- Treasury policies and objectives;
- Reserves policy;
- Future developments;
- Principal risks and uncertainties;
- Stakeholder relationships;
- Staff and student involvement;
- Equal opportunities and employment of disabled persons;
- Disability statement; and
- Post balance sheet events.

Operating and Financial Review (*continued*)

Overview of provision

The College provides technical and professional education and training to develop the skills individuals need to gain employment, increase their earning potential, and improve their life chances in general. Its principle area of operations is the delivery of full-time vocational Study Programmes to students aged between 16 and 18 years of age, with there being more than 6,000 such students enrolled at the College during 2020/21.

All full-time students on study programmes access work-experience through the College's GAP initiative as part of their Study Programme to further develop their employability skills and general understanding of work-place expectations. This work experience was however, severely impacted by the Covid -19 pandemic in 2020-21. To support this area, the College has established some outstanding links with employers that are of significant benefit to the College and its students. Furthermore, working in partnership with employers, the College has developed Study Programmes to provide a pipeline of recruits needed with specific skills and expertise.

Study Programmes also include English and Maths qualifications for those students who have not achieved the Level 2 threshold.

Alongside the full time Study Programmes delivered to 16 to 18 year olds, the College delivered a broad range of further education, community learning and leisure courses to more than 3,100 adults in 2020/21. The College also provides bespoke provision to support young people who are NEET (Not in Education, Employment or Training) working in partnership with the Prince's Trust.

An important part of the College's work is the delivery of apprenticeship provision. In 2020/21 Apprenticeship Frameworks and Standards were delivered to over 480 learners at Intermediate, Advanced and Higher-levels with the majority of apprentices enrolled onto apprenticeships in construction and engineering. In order to expand further into the apprenticeship market, and to exploit the potential opportunities for growth resulting from the introduction of the apprenticeship levy, the College entered into a partnership with Oaklands College in January 2017 to deliver apprenticeship training through a jointly owned company, Together Training Ltd. Together Training Ltd continued to grow in 2020/21, its fourth full year of trading, and was instrumental in 233 apprenticeship enrolments. The company made its first trading profit in 2019/20 and also made a profit in 2020/21. With its strong start in 2021/22 this successful trading is expected to continue in the year ahead.

In addition to its Further Education provision, the College delivered Higher Education provision to over 340 Higher Education enrolled students in 2020/21. These students were enrolled onto Foundation Degrees delivered in partnership with the University of Hertfordshire or the University of Bedfordshire, or onto a range of Higher National Diplomas (HNDs) delivered directly by the College.

Operating and Financial Review (*continued*)

Overview of provision (*continued*)

The College continues to develop links with a range of key community leaders, recognising itself as a key asset to the communities it serves. The College also maintains a thorough understanding of local labour market needs and opportunities to ensure students are aspiring to realistic destinations in a range of industries and occupations.

The College is committed to establish stronger relationships with external key stakeholders and create the financial health needed to invest in the further development of the College. In addition, the College places great importance on its values, attitudes and behaviours, recognising them as factors that are critical to the College's achievements, successes, ambitions and plans.

Ofsted undertook a monitoring visit at the College in October 2020. The review was focused on how well the college was responding to the challenges of the Covid-19 pandemic. The Inspectors were fully satisfied students were safe, that the College was making appropriate adaptations to the curriculum in response to Covid-19, and that students were receiving the support they need to develop their knowledge and skills on-campus and online. The inspectors also commented on the positive student behaviour they observed during the visit. The Corporation was pleased with this report and positive outcomes given the unprecedented and challenging circumstances of the pandemic.

In September 2020, we opened our new Construction and Engineering Centre at our Hemel Hempstead Campus. This new, multi-million-pound, state of the art building, replaced the Kings Langley campus, which has now been sold.

The unprecedented Covid-19 pandemic brought many challenges, to which the College has effectively responded. Remote working was implemented for staff and remote learning for students from January 2021 to March 2021. The college was open for a small number of students during this period. The College re-opened to all students in a Covid-secure environment from March 2021. The College has followed the Government's guidance throughout the pandemic and works closely with Public Health England. The College's Covid-19 risk register enabled leaders and managers to manage the College via the operational and financial turbulence caused by severe levels of disruption.

Public benefit statement

In setting and reviewing the College's strategic objectives, the Corporation 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. Specifically, the College subscribes to the following statement concerning its commitment to the delivery of public value within the community it serves.

Operating and Financial Review (continued)

Public benefits statement (continued)

"We will provide a broad range of provision and services to meet the needs, interests and aspirations of the communities we serve."

The new College: -

- Will inspire interest in lifelong learning, working with people to develop the skills and experiences needed for success in life and at work. We commit to this in the knowledge that: -
 - Professional skills are central both to individual earning power and the collective productivity of our local economies;
 - English and maths skills are essential to accessing opportunities; and
 - The aspirations of many in our communities are challenged by the high cost of living.
- Will engage with as many people and organisations as possible, working in partnership whenever this is most appropriate for maximising benefits across our communities, with the views of these stakeholders represented at College Board level.
- Will recognise our responsibilities as a community asset for the people we serve. Understanding community issues and making a meaningful contribution to providing solutions to these challenges is central to this commitment.
- Will maintain a thorough understanding of local labour markets and facilitate positive relationships between employers and prospective employees.
- Will value community well-being and are fully committed to providing lifelong learning opportunities through a range of courses that enable people to pursue personal interests and passions.
- Will ensure the College secures and develops a workforce that is able to provide the skills and experiences required to deliver provision of the highest quality.
- Will be professional in all undertakings and accessible whenever possible, providing a safe and welcoming place for local people to gather and engage in learning and recreational activities, whether organised by the College or appropriate stakeholders.
- Will take responsible decisions, utilising public funds appropriately and always seeking to prioritise expenditure and investment to benefit local people and our communities.

Strategic Plan

Following the merger with Barnfield College, the College approved a new Strategic Plan 2018-21. Central to this plan is its vision to play a leading role in transforming life chances. The College's mission, shared values and aims are set out below:

Operating and Financial Review (*continued*)

Strategic Plan (*continued*)

Mission

The New College will inspire achievement and success in ways which stimulate:

- A competitive edge in our students;
- A spirit of enterprise and innovation across our communities; and
- Growth in our local economy and communities

Shared Values

Focus

- Lifelong: Our services will be relevant and accessible to people throughout their lives
- Future proofed: We will anticipate emerging careers and target these priority skills
- Achievement: Ambition and resilience will be cornerstones of our students' sustainable success

Behaviour

- Accountable: Our evidence-based decisions will deliver value for money for everyone we serve
- Respectful: We will encourage open communication – enabling all in our communities to flourish
- Integrity: Our civic responsibility will combine ethical practices with a focus on social and economic priorities.

The plan also sets out the following seven strategic aims:

Aim 1: Students: Students will be equipped with the skills they need to maximise opportunities in life and at work

Aim 2: Employees: Employees will reach their full potential for creating transformative life chances for students

Aim 3: Communities: The New College will be rooted in its local economies, boosting productivity and delivering growth across key income streams

Aim 4: Finance: The New College will sustain the financial strength required to deliver high-quality services in response to new challenges

Operating and Financial Review (*continued*)

Strategic Plan (*continued*)

Aim 5: Niche Curriculum Specialisms: The New College will be known as a specialist skills provider supporting niche sectors with high growth potential

Aim 6: Dynamic Public Partnerships: The New College will build partnerships and stakeholder coalitions:

- Focusing organisational capabilities on immediate skills needs
- Developing the longer-term aspirations of young people and adults

Aim 7: College Estate Development. The College Estate in Luton will: -

- Provide a fit-for-purpose campus that facilitates the delivery of modern skills aligned to local and regional labour market needs
- Enable future growth by attracting and retaining a wider range of students and businesses

Each of these aims will be assessed against measures of success which will be evaluated at key stages in the plans progress.

Performance indicators

As part of its 2018/19 Self-Assessment Review, the College identified four key areas for improvement in 2019/20 against which various targets were set. Following the national examination changes that were introduced in 2019-20 as a result of the Covid-19 pandemic, the College did not hold verified data to measure the outcome against these targets. The targets have therefore been carried forward to 2020-21. These targets and the outturn for 2020-21 are included in the table below.

Area for Improvement	Target	Outturn
English and Maths	At least 85% of students will attend lessons regularly	C80% of students attend classroom-based English and Maths lessons routinely; c85% of students engage with online learning modules remotely. The College continues to provide students with a range of English and Maths teaching and learning solutions to maximise their engagement. Over the past year, students have been supported highly effectively through classroom-based learning, online learning via the College's new learning platform, Century, and through the provision of additional small-group and 1:1 sessions. Students are positive about the range of options

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For the year ended 31 July 2021

		available to them. In addition, to GCSE qualifications in the subjects, students access additional 'Skills Awards' in the subjects that focus on the specific skills they need for their next steps.
Personal Qualification Target Grades (Value Added)	At least 65% of students will achieve their Qualification Personal Target Grades	67% of students achieved their person target qualification grade. A high number of students continue to achieve their qualifications and personal target grades year on year. In addition to these achievements, students gain a broad range of additional qualifications and skills that are specifically designed to enable them realise their first-choice job and/or university place
Adult Learners	At least 85% of adult students will achieve their qualifications (of starts)	Barnfield College: 88.8% West Herts College: 86.2% WHC Group: 87.2% Sub-contracted provision: 97.9% A very high number of Adult students continue to achieve their qualifications year on year. The College's Adult curriculum offer is fully aligned to local labour market needs and enables individuals to reskill for new careers, upskill to advance their existing skills, and develop the basic employability qualifications and skills they need to enter employment following prolonged periods of absence.
Specific Groups	The qualification achievement rates for specific groups will be within 5% of other students	Caribbean; Irish; Other Black; Children Looked After; report achievement rates that are more than 5% lower than their peers. The College monitors the performance of all specific groups in-year and as part of the annual self-assessment process. In the vast majority of cases, the achievement rates for students from specific groups is in line with other students. The College has a strong track record of supporting hard-to-reach students into education and on to positive next steps.

Operating and Financial Review (*continued*)

Financial Health

a. Financial Performance

The Group generated a surplus before exceptional items for 2020/21 of **£1.413m** (2019/20 deficit £0.611m).

For the purposes of the College's loan covenants, FRS102 pension charges of **£2.276m** are excluded, giving a revised Group surplus before tax for the year of **£3.689m**. This is outlined in the table below:

	£000
College Group – Surplus before exceptional items	1,413
FRS 102 – Enhanced Pension net interest (note 20)	57
FRS102 – Net interest on Pension Fund assets (note 22)	559
FRS102 – Pension cost (note 22)	1,660
College Group – Surplus excluding FRS102 pension adjustments & exceptional items and taxation	3,689

The College also made a surplus of £3.027m on the sale of the land at New Bedford Road Campus. The value and the associated accumulated depreciation have been written out of the financial statements.

b. Liquidity

At 31 July 2021, the College Group had **£32.746m** in total cash at bank and in hand and in short term deposits. This cash is temporarily high due to the Barnfield Redevelopment Project and is £13.019m more than the £19.727m cash held as at 31 July 2020.

The College's £27.746m cash balance at 31 July 2021 is equivalent to 244 cash days and, when contrasted against its current liabilities at 31 July 2021 of £7.644m, represents a high level of solvency as exemplified by the College's current ratio at this date of 5.56. The cash balance with the short-term deposit balance of £5m provides the College and the Group with reserves which it can invest to develop and protect its business in the coming years, and ensures that the College and the Group achieves the highest possible liquidity score in its Education and Skills Funding Agency financial health assessment.

c. Gearing

The College had borrowings of £6.513m at 31 July 2021, of which £0.505m is payable in 2021/22. All College's borrowings are long-term loans and are due to be repaid in full by 2032. As a result, the College's borrowing represents 6% of College's net assets (excluding pension liabilities). £5.076m of the College's borrowings are subject to a fixed interest rate, the earliest of which expires in 2024, providing further stability to the College Group's finances.

Operating and Financial Review (*continued*)

Financial Health (*continued*)

d. Loan Covenants

The College is required to adhere to five covenants as part of its long-term loan agreement with its Bank. The College retains a high degree of headroom on all five covenants.

e. Covid-19

The Covid-19 pandemic significantly impacted the College's income and expenditure during 2020-21. Key variances included additional income that was allocated to the College after the budget was set, the Covid-19 impact on student enrolment, a reduction in commercial income, and an underspend on pay, and supplies and services. The reduction in expenditure exceeded the reduction in income and the overall impact was favourable. The College received £42k from the Coronavirus Job Retention Scheme to part fund the cost of staff working in commercial activity areas who were furloughed.

f. Overall

The ESFA's overall financial health assessment for the College was rated as **outstanding** in 2020/21. This comprised individual outstanding ratings for liquidity, performance and gearing. The Group and College therefore has a sound financial foundation to develop its business and to respond to future pressures. Furthermore, its current financial health, alongside future forecasts and financial plans confirm that the Group and the College are a 'going concern'.

Treasury Policy 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 which is reviewed by the Corporation each year. All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Reserves Policy

The Group and the College will maintain sufficient reserves to ensure that it remains stable and sustainable for the foreseeable future, whilst not setting aside excessive resources which could better be deployed to further its business. Furthermore, it maintains reserves at levels that are consistent with its loan covenants.

Operating and Financial Review (*continued*)

Reserve Policy (*continued*)

To achieve this goal the College is committed to ensure the following:

- Maintaining total net assets, excluding net pension liabilities, of no less than £50m to comply with loan covenants;
- Maintaining cash at bank and in hand, and short-term deposits, totalling no less than £5.0m at any point in a forecast three-year period; and
- Ensuring that pension liabilities are minimised both through engaging actively with Hertfordshire Pension Fund's fund managers and actuaries, and by providing alternative defined contribution pension schemes where appropriate.

At 31 July 2021 the College had:

- Total net assets (excluding the £41.9m pension liability) of £107.7m (2020: £101.0m); and
- Cash at bank and in hand and short-term deposits totalling £32.7m (2020: £19.7m). It is noted that cash levels are temporarily high due to the Barnfield Redevelopment Project.

As mentioned above, the College has in place a separate treasury management policy.

Future developments

The College works relentlessly to continually improve the quality of its provision, its estate and learning environments.

The Corporation is progressing with Phase 1 of its masterplan for a redevelopment for Barnfield College at the New Bedford Road Campus. A new multi-million-pound building is currently under construction and is expected to be completed Spring 2022

The College has been registered as an approved T level provider and is expected to begin T level delivery from September 2022.

Principal Risks and Uncertainties

Details of the Group's risk management methodology are covered within the section on Statement of Corporate Governance and Internal Control within this Report. Following this methodology, the Group has identified the following principal corporate risks as existing at 31 July 2021.

Operating and Financial Review (*continued*)

Principal Risks and Uncertainties (*continued*)

a) Campus - Re-development

A central component of the College's Property Strategy is the continued development of its Estate. The new Construction and Engineering Centre at Hemel Hempstead Campus opened in August 2020, and as part of the redevelopment of our campus at New Bedford Road, a new College building is being constructed and is scheduled to open in the Spring 2022. Strong contractual and monitoring arrangements are in place to keep the redevelopment to plan and to budget.

b) Financial Sustainability

A combination of funding cuts, pension fund pressures, unavoidable cost increases and increasing Government requirements are placing significant pressure on College resources.

The College needs to focus relentlessly on containing costs and maximising its income if it is going to retain its financial strength in future years. In addition, the College has sought to address this risk by increasing its size and generating economies of scale through the Hemel Hempstead Campus re-development, the merger with Barnfield College and the redevelopment at the New Bedford Road campus.

c) Cyber attack

The College has implemented extensive arrangements to protect the Colleges systems and data from cyber-attack and hacking, and continues to take ongoing measures to reduce vulnerability to attack.

d) English & Maths

The College has robust arrangements in place to maximise learner achievement rates in English and Maths. Extensive monitoring enables any concerns to be highlighted and addressed immediately.

Stakeholder Relationships

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

- Students
- Staff
- Parents and Guardians
- The Government, Politicians and Ofsted
- Further Education Commissioner, Funding Councils and Agencies
- Local Employers and Local Employment Partnerships
- Local Authorities
- Local Community

Operating and Financial Review (*continued*)

Stakeholder Relationship (*continued*)

- Other FE and HE Institutions
- Local Secondary Schools and Academies
- Trade Unions; for individual representation
- Professional Bodies

The Group and the College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

Staff and Student Involvement

The College pursues an active policy of fostering good communications with staff and students. The College's intranet service provides a range of briefings, updates and other communication channels for staff. Communication with students is mainly through digital Platforms such as Canvass and our GAP website. There are also extensive communications with students through social media platforms such as Facebook, Twitter and Instagram.

Both staff and students have the right to elect two members onto the Corporation respectively and they contribute actively in the discussions and decision-making of the College.

The College holds at least one staff conference each year, and in 2020-21, due to the pandemic, this was held as a webinar. Here staff are informed of College developments and interact with the College Leadership Group.

Learner involvement is well developed within the College. Each year students are encouraged to provide feedback through satisfaction surveys. The results of these are circulated to, and discussed by, the College Leadership Group, and the Corporation.

Trade Unions

It is the responsibility of each college corporation to comply with the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017. These Regulations require the disclosure of the number of trade union officials at the College, the percentage of their time spent on trade union activities, and cost to the College of facilitating trade union activities. However, as the College does not formally recognise trade unions, there are no recognised trade union officials, and therefore there is no time or cost associated with trade union activities to report.

Equal Opportunities and Employment of Disabled Persons

The College is committed to offering excellent learning opportunities and excellent employment opportunities for all learners and employees. The College ensures compliance with all aspects of equality legislation and where possible goes beyond compliance and embeds good practice in all teaching, learning and employment situations.

Operating and Financial Review (*continued*)

Equal Opportunities and Employment of Disabled Persons (*continued*)

The College will continue to monitor all its policies and processes and take action when areas are identified where intervention is required to address potential restrictions to individuals or groups.

The College has an Equality and Diversity Policy, which takes account of its specific and general duties in relation to race, gender and disability. The Policy contains objectives that seek to ensure that the College complies with all aspects of legislation. The College operates a 'Blind Recruitment process' and therefore appointing managers will receive all applications for shortlisting with no personal details provided (i.e. name, address, age, equal opportunities information).

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005 and in particular makes the following commitments:

- The College operates the Disability Confident scheme and all recruitment shortlisting is reviewed by the Human Resources Team to ensure we are compliant with this.
- As part of the redevelopment of the buildings it has installed lifts and ramps, etc, so that most of the facilities allow access to people with a disability.
- Specialist advice and support are made available to admissions staff to ensure unobstructed progression of students. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- Continued investment in specialist advisors to teach and support students with learning difficulties and disabilities, together with investment in other learning advisors who currently provide a range of support functions to students.
- Provision of specialist programme information guides to students and parents which give details of student achievement and destinations.
- Provision of counselling and welfare services as described in the College Charter.

These commitments are reviewed annually with a view to improving the quality of service.

Post Balance Sheet Events

At the date of signing these financial statements, no significant post balance sheet events have occurred.

Operating and Financial Review (*continued*)

Disclosure of Information to Auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group and College's auditor is 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 Group and College's auditor is aware of that information.

Approved by order of the members of the Corporation on **8 December 2021** and signed on its behalf by:



P. Thompson
Chair

Professional Advisors:

Financial Statements and Regularity Auditor:

Buzzacott LLP
130 Wood Street
London
EC2 6DL

Internal Auditor:

Scrutton Bland LLP
Fitzroy House
Crown Street
Ipswich
IP1 3LG

Banker:

Lloyds Bank plc
32/32a Intu
Watford
Herts
WD17 2UB

Solicitor:

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Statement of Corporate Governance and Internal Control

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 issued in March 2015 and amended in May 2019 ("the Code of Good Governance"); and
- iii having due regard to the UK corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complies with the Code of Good Governance. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Members of the Corporation, the College complies with all the provisions of the Code of Good Governance, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Members of the Corporation, 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.

Statement of Corporate Governance and Internal Control (continued)

The Corporation

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

Name	Date of most recent appointment	Term of office	Date of resignation (if earlier than term expiry)	Status of appointment	Committees served
Guy Ainsley	14.07.21	2 years		Independent	Audit
Phil Berry	18.04.20	2 years		Independent	
Sue Farnfield	08.12.21	2 years		Teaching Staff	
Irina Kendix	12.05.21	2 years		Independent	Audit
Richard Lewis	14.07.21	2 years		Independent	
Matt Luheshi	14.07.21	2 years		Independent	Search
Heather Lunn	13.10.21	to 17.06.22		Student	
Matthew Messenger	10.10.18	2 years	Term now expired	Teaching Staff	
Chris Nicholls	03.03.21	2 years		Independent	Audit
William Phipps	01.11.19	2 year	9 July 2021	Student	
Jada Powell	01.11.19	2 year	9 July 2021	Student	
Jamie Robertson	13.10.21	to 17.06.22		Student	
Jason Smith	08.07.20	2 years		Independent	
Ben Stapleton	03.03.21	2 years		Independent	Audit
Phil Thompson	01.08.20	2 years		Independent	Search, Remuneration
Paul Thompson	03.03.21	2 years		Independent	
Alberto Ucci	04.02.21	2 years	9 November 2021	Teaching Staff	
Gill Worgan	01.01.11	N/A		Principal	Search
David York	08.12.21	2 years		Support Staff	

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

Details of the attendance record of Governors who served in 2020/21 are shown below: -

	Corporation	Audit	Search & Governance
	10 scheduled meetings (no. out of possible) *	4 scheduled meetings (no. out of possible) *	2 meetings (no. out of possible) *
Guy Ainsley	80%	75%	
Phil Berry	100%		
Irina Kendix	100%	75%	
Richard Lewis	100%		
Matt Luheshi	100%		100%
Matthew Messenger	100% ^(2/2)		
Chris Nicholls	100%	75%	
William Phipps	20% ^(2/10)		
Jada Powell	0% ^(0/10)		
Jason Smith	80%		
Ben Stapleton	100%	100%	
Phil Thompson	100%		100%
Paul Thompson	80%		
Alberto Ucci	100% ^(6/6)		
Gill Worgan	100%		100%
David York	56% ^(5/9)		

* Percentage is based on total number of meetings unless otherwise identified.

The role of Clerk to the Corporation from 1 August 2020 until 31 July 2021 was carried out by Market Place Educational.

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

The Corporation business plan incorporated eight scheduled Corporation meetings during 2020/21 and there were also two Special Corporation meetings. All of these meetings, with the exception of the meeting held in July 2021, were held remotely due to the Covid-19 pandemic. 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.

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

The following Committees reported to the Corporation during the year: - the Audit Committee, and the Search Committee. Both committees have terms of reference which have been approved by Corporation.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on <http://www.westherts.ac.uk/about-us/governors/> or from the Clerk to the Corporation at:

West Herts College
Watford Campus
Hempstead Road
Watford
Hertfordshire
WD17 3EZ

The Clerk to the Corporation maintains a register of financial and personal interests of the Members of the Corporation. The register is available for inspection at the above address.

All Members of the Corporation 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 Members of the Corporation in good time for Board meetings; ad-hoc briefings are also provided.

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 between the separate roles of the Chair of the Corporation, and the Accounting Officer (i.e. the Principal & Chief Executive).

The Corporation conducts a regular self-assessment, the results of which are reported to Corporation for review and consideration.

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

Appointments to the Corporation

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, comprising up to three members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding two years, and can stand for more than one term.

Remuneration

Throughout the year ended 31 July 2021 the Corporation took all decisions on the remuneration and benefits of the Principal and Chief Executive. The College has adopted the Association of College's Senior Post Holders Remuneration Code. Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises up to four members of the Corporation (excluding the Principal and Chair of the Corporation). The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee, which met four times during the year, provides a forum for reporting by the College's internal auditors, and the financial statements and regularity 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's internal auditor reviews the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of work and reports their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow up reviews to ensure such recommendations have been implemented.

Statement of Corporate Governance and Internal Control (continued)

The Corporation (continued)

The Audit Committee also advises the Corporation on the appointment of the internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to Corporation.

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 to the Principal and Chief Executive, as Accounting Officer, day-to-day responsibility 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 and Chief Executive is personally responsible, in accordance with the responsibilities assigned to the Principal and Chief Executive in the College's grant funding agreements and contracts with the ESFA. The Principal and Chief Executive 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 eliminate all risk of failure to achieve policies, aims and objectives and it can, therefore, only provide reasonable and not absolute assurance of effectiveness. It 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 the College for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

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 Group and the College's significant risks that have been in place and operational throughout the year and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

The Risk and Control Framework

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

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Corporation.
- A Risk Management Strategy to ensure that risks are properly identified and rigorously managed.
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.
- Dedicated committees for projects such as capital builds.

The College contracts for an internal audit service, which operates in accordance with requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As a minimum, the College's internal audit service annually provides the Corporation with a report on internal audit activity in the College. The report includes its independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of Effectiveness

As Accounting Officer, the Principal and Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. The Principal and Chief Executive's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditor.
- The work of the senior 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 and regularity auditor in their management letter and other reports.

Statement of Corporate Governance and Internal control (continued)

Internal Control (continued)

Review of Effectiveness (continued)

The Principal and Chief Executive has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor and other sources of assurance. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The College Leadership Group receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms which are embedded within the Departments and reinforced by risk awareness training. The College Leadership Group and 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 College Leadership Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Principal and Chief Executive, 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"*.

Going Concern

After appropriate enquiries, the Corporation considers that the Group and the College has adequate resources to continue in operational existence for the foreseeable future. Its financial plans for future years have been scrutinised and consistently show budget surpluses. Capital projects are carefully costed in advance and funding secured prior to commencement. Furthermore, borrowings are low in proportion to income and there are substantial cash reserves. For this reason, the Corporation continues to adopt the going concern basis in preparing the financial statements.

Approved by the members of the Corporation and signed on its behalf by: -



P. Thompson
Chair
8 December 2021



G. Worgan
Principal and Chief Executive
8 December 2021

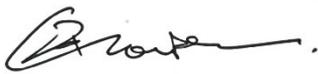
Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the College's grant funding agreements and contracts with the ESFA.

As part of our consideration we have had due regard to the requirements of the 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 Group and the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA.

We confirm that any instances of material irregularity, impropriety or funding non-compliance that have been discovered to date have been notified to the ESFA. If any instances are identified after the date of this statement, these will be notified to the ESFA.



P. Thompson
Chair
8 December 2021



G. Worgan
Principal and Chief Executive
8 December 2021

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's grant funding agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction* issued by the ESFA, and with the *UK Generally Accepted Accounting Practice*, and which give a true and fair view of the state of affairs of the Group and 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; and
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the Group and the College will continue in operation.

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and 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 the Charities Act 2011 and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard the assets of the Group and the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the Group and the College; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts 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

Statement of Responsibilities of the Members of the Corporation (continued)

from the ESFA are used only in accordance with the College's grant funding agreements and contracts with the ESFA and any other conditions that may be prescribed from time to time.

Members of the Corporation must ensure that there are appropriate financial and management controls in place 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 economical, efficient and effective management of the Group and the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by the members of the Corporation and signed on its behalf by: -



P. Thompson
Chair
8 December 2021

Independent Auditor's Report to the Corporation of West Herts College

Opinion

We have audited the financial statements of West Herts College and its subsidiary (collectively the 'Group') for the year ended 31 July 2021 which comprise the Group and College statement of comprehensive income and expenditure, the Group and College statement of changes in reserves and balance sheets, the Group statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and the College's affairs as at 31 July 2021 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- In all material respects, funds from whatever source administered by the Group and the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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.

Independent Auditor's Report to the Corporation of West Herts College (*continued*)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members of the Corporation's 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 Group and 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 annual report other than the financial statements and our auditor's report thereon. The members of the Corporation 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. 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 this gives rise to a material misstatement in the financial statements themselves. 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 in relation to which the Post 16 Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns;
or
- all the information and explanations required for the audit were not received.

Independent Auditor's Report to the Corporation of West Herts College (*continued*)

We have nothing to report in respect of the following matter in relation to which the Office for Students requires us to report to you, if in our opinion:

- The College's grant and fee income, as disclosed in note 2 to these financial statements has been materially misstated.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are 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 of the Corporation 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 members of the Corporation are responsible for assessing the Group and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of the Corporation either intend to liquidate the Group and 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 it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group and the College through discussions with management, and from our knowledge and experience of the sector;

Independent Auditor's Report to the Corporation of West Herts College (*continued*)

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent Auditor's Report to the Corporation of West Herts College (*continued*)

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

Use of our report

This report is made solely to the Corporation, as a body, in accordance with 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.



Buzzacott LLP
Chartered Accountants and Registered Auditor
130 Wood Street
London
EC2V 6DL

Date: 8 December 2021

Independent Reporting Accountant's Report on Regularity

To: The Corporation of West Herts College and Secretary of State for Education acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 29 June 2017 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 West Herts 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 West Herts 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 West Herts 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 West Herts College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Herts College and the reporting accountant

The corporation of West Herts 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.

Independent Reporting Accountant's Report on Regularity (continued)

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:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

8th December 2021

Statements of Comprehensive Income and Expenditure for the year ended 31 July 2021

	Note	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Income:					
Funding body grants	2	42,569	41,442	39,975	39,115
Tuition fees and education contracts	3	3,218	3,216	3,552	3,552
Other grants and contracts	4	49	49	77	77
Other income	5	513	511	1,118	1,117
Investment income	6	7	7	49	49
Total Income		46,356	45,225	44,771	43,910
Expenditure:					
Staff costs	7	29,017	28,173	29,527	28,794
Restructuring costs	7	244	244	84	84
Other operating expenses	9	11,370	11,215	11,341	11,262
Depreciation	13	3,515	3,515	3,618	3,618
Interest and other finance costs	11	797	797	812	812
Total Expenditure		44,943	43,944	45,382	44,570
Surplus/(Deficit) before exceptional items		1,413	1,281	(611)	(660)
Surplus on disposal of fixed assets	13	3,027	3,027	3,838	3,838
Net income attributable to minority interest	14	(66)	-	(24)	-
Profit before tax		4,374	4,308	3,203	3,178
Taxation	12	-	-	-	-
Profit for the year		4,374	4,308	3,203	3,178
Actuarial (loss) in respect of pension schemes	10	(428)	(428)	(14,391)	(14,391)
Total Comprehensive Income for the year		3,946	3,880	(11,188)	(11,213)

Statement of Changes in Reserves for the year ended 31 July 2021

	Minority Interest	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s	£000s
Group					
Balance as at 1 August 2019	200	67,758	5,052	7	73,017
Surplus from the income and expenditure 2019/20	-	3,203	-	-	3,203
Other comprehensive income	-	(14,391)	-	-	(14,391)
Balance as at 31 July 2020	200	56,570	5,052	7	61,829
Surplus from the income and expenditure 2020/21	-	4,374	-	-	4,374
Other comprehensive income	-	(428)	-	-	(428)
Balance at 31 July 2021	200	60,516	5,052	7	65,775

	Income and Expenditure accounts	Revaluation Reserve	Restricted Reserves	Total
	£000s	£000s	£000s	£000s
College				
Balance as at 1 August 2019	67,914	5,052	7	72,973
Surplus from the income and expenditure 2019/20	3,178	-	-	3,178
Other comprehensive income	(14,391)	-	-	(14,391)
Balance as at 31 July 2020	56,701	5,052	7	61,760
Surplus from the income and expenditure 2020/21	4,308	-	-	4,308
Other comprehensive income	(428)	-	-	(428)
Balance at 31 July 2021	60,581	5,052	7	65,640

Balance Sheets at 31 July 2021

	Note	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Fixed assets					
Tangible assets	13	111,476	111,476	123,717	123,717
Total fixed assets		111,476	111,476	123,717	123,717
Investment assets					
	14	-	200	-	200
Current assets					
Stock		11	11	11	11
Trade and other receivables	16	9,760	9,716	830	814
Short term deposit	15	5,000	5,000	5,000	5,000
Cash at bank and in hand		27,746	27,516	14,727	14,603
Total current assets		42,517	42,243	20,568	20,428
Creditors: amounts falling due within one year	17	(7,644)	(7,634)	(8,333)	(8,325)
Net current assets		34,873	34,609	12,235	12,103
Total assets less current liabilities		146,349	146,285	135,952	136,020
Creditors: amounts falling due after one year	18	(34,664)	(34,664)	(30,692)	(30,692)
Provisions for liabilities and charges	20	(4,056)	(4,056)	(4,437)	(4,437)
Minority interest	14	71	-	137	-
Net assets excluding pension liability		107,700	107,565	100,960	100,891
Net pension liability	22	(41,925)	(41,925)	(39,131)	(39,131)
TOTAL NET ASSETS		65,775	65,640	61,829	61,760
Restricted reserves					
Endowments		7	7	7	7
Total Restricted reserves		7	7	7	7
Unrestricted reserves:					
Income and expenditure account		60,516	60,581	56,570	56,701
Revaluation reserve		5,052	5,052	5,052	5,052
Minority interest	14	200	-	200	-
Total Unrestricted reserves		65,768	65,633	61,822	61,753
TOTAL RESERVES		65,775	65,640	61,829	61,760

The financial statements on pages 35 to 60 were approved by the Corporation on **8 December 2021** and signed on its behalf by:



P. Thompson
Chair



G. Worgan
Principal and Chief Executive

Statement of Consolidated Cash Flows **for the year ended 31 July 2021**

	2020/21	2019/20
	£'000s	£'000s
Cash inflow from operating activities		
Surplus for the year	4,374	3,203
Adjustment for non-cash items:		
Depreciation	3,515	3,618
(Increase)/Decrease in debtors	(617)	313
(Decrease)/Increase in creditors due within one year	(738)	2,415
(Decrease) in creditors due after one year	-	(2,613)
(Decrease) in provisions	(291)	(304)
Pensions costs less contributions payable	1,660	1,607
Minority Interest	66	24
Adjustment for investing or financing activities:		
Investment income	(7)	(49)
Interest and other finance costs	797	812
Profit on disposal of fixed assets	(3,027)	(3,838)
Decrease in deferred capital grants	(731)	(655)
Net cash flow from operating activities	5,001	4,533
Cash flows from investing activities		
Investment income	7	49
Payments made to acquire fixed assets	(4,487)	(10,066)
Proceeds from sale of land	7,300	10,251
Total cash flows from investing activities	2,820	234
Cash flows from financing activities		
Interest paid	(181)	(214)
Capital grants received	5,873	4,371
Short term deposit	-	(5,000)
Bank loans repaid	(494)	(485)
Total cash flows from financing activities	5,198	(1,328)
Increase in cash and cash equivalents in the year	13,019	3,439
Cash and cash equivalents at beginning of year	14,727	11,288
Cash and cash equivalents at end of year	27,746	14,727

Notes to the Financial Statements

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Together Training Ltd, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to date on which control of the undertaking passes. Intra-group transactions are eliminated fully on consolidation. In accordance with FRS102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

Going concern

The activities of the Group and the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review - this includes an assessment of the potential financial impact of the Covid-19 pandemic. The financial position of the Group and the College, its cash flow, liquidity and borrowings are described in the financial statements and accompanying notes.

As at 31 July 2021 the Group and the College had £6,513k of loans outstanding with bankers on terms negotiated in 2009 and 2010. The terms of the existing agreement are for up to another 11 years. Also, as at 31 July 2021, the Group and the College had cash at bank, in hand, and on short term deposit totalling over £32.5m, and net current assets in excess of £34.6m. The Group and the College's forecasts and financial projections indicate that it will be able to generate operating surpluses and it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly, the Group and the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of the financial statements.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Recognition of Income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for in year and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income and Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. ESFA apprenticeship income is recognised based on a year-end reconciliation of income claimed and the actual delivery.

The recurrent grant from the OFS represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure and are shown separately in note 26 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. No staff are wholly dedicated to the administration of discretionary support funds. These administration tasks are carried out by the College's student support staff.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Accounting for post-employment benefits

Retirement 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 schemes.

Teachers' Pension Scheme (TPS)

Contributions to the TPS are charged to the Statement of Comprehensive Income and Expenditure 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 the current and future pensionable payroll. The contributions have been determined by qualified actuaries on the basis of valuations using a prospective benefit method. As stated in note 22 the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Local Government Pension Scheme (LGPS)

The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and Expenditure comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced pensions

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

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Tangible fixed assets

Land and buildings

Land and buildings 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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the re-valued amount is released to the Statement of Comprehensive Income and Expenditure on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 30 and 50 years. On adoption of FRS 102 the College has followed the transitional provisions and has determined not to subsequently revalue its fixed assets from the amounts currently included within the financial statements. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Statement of Comprehensive Income and Expenditure over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Building improvements

Building improvement expenditure meeting the capitalisation criteria set out above is depreciated using the straight line method over its useful economic life as follows:

- 10 years – Building improvements

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Equipment and vehicles

Equipment costing less than £1,000 (including VAT) per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Equipment is depreciated using the straight line method over its useful economic life as follows:

- 3 to 4 years – IT Equipment
- 5 to 7 years – IT Infrastructure and Systems
- 5 to 10 years – Furniture, Fittings and non-IT Equipment
- 4 years – Vehicles

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 statement of comprehensive income over the expected useful economic life of the related equipment on a basis consistent with the depreciation policy.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Stocks

Stocks are stated at the lower of their cost or net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Maintenance of premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income and Expenditure in the period it is incurred.

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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax so that it can only recover a minor element of 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.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Cash and cash equivalents

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Provisions and contingent liabilities

Provisions are recognised when the Group and 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.

A contingent liability arises from a past event that gives the Group and 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 Group and 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.

Financial liabilities

Financial liabilities 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. Loans and investments that are payable or receivable within one year are not discounted.

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 Group and 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 Group and 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 and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Notes to the Financial Statements

1 Accounting Policies (*continued*)

Other key sources of estimation uncertainty include:

- *Tangible fixed assets*

Tangible fixed assets, excluding land, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 difference between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements

2 Funding body grants

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Education and Skills Funding Agency – 16-18	33,546	33,546	29,986	29,986
Education and Skills Funding Agency – Adult	3,875	3,875	4,215	4,215
Education and Skills Funding Agency - Apprenticeships	2,031	904	2,276	1,416
Education and Skills Funding Agency – 16-18 non recurrent	278	278	483	483
Education and Skills Funding Agency – Adult non recurrent	210	210	464	464
Teacher Pension Scheme contribution grant	928	928	869	869
Office for Students	218	218	196	196
Release of Government deferred capital grant in respect of depreciation of grant funded buildings and equipment (note 21)	731	731	655	655
Grants from other funding bodies	752	752	831	831
Total	42,569	41,442	39,975	39,115
Office for Students Grant analysis				
Grant income from the Office for Students	99	99	83	83
Grant income from other bodies	119	119	113	113
Total	218	218	196	196

3 Tuition fees and education contracts

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Tuition fees	3,086	3,084	3,492	3,492
Education contracts	132	132	60	60
Total	3,218	3,216	3,552	3,552

4 Other grants and contracts

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Other grants and contracts	7	7	46	46
Coronavirus Job Retention Scheme grant	42	42	31	31
Total	49	49	77	77

The corporation furloughed some of the hourly paid lecturers, nursery staff and catering staff under the government's Coronavirus Job Retention Scheme. The funding received of £42k relates to staff costs which are included within the staff costs note below as appropriate.

Notes to the Financial Statements

5 Other income

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Rental income	46	46	33	33
Barnfield Catering	9	9	72	72
Other income generating activities	167	167	363	363
Other grant income	105	105	420	420
Miscellaneous income	186	184	230	229
Total	513	511	1,118	1,117

6 Investment income

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Bank interest receivable	7	7	49	49
Total	7	7	49	49

7 Staff numbers and costs

The average number of persons (including key management personnel) employed by the college during the year, on a headcount basis, was:

	2020/21 Numbers	2019/20 Numbers
Teaching staff	434	465
Non-teaching staff*	515	548
Total	949	1,013

* Non-teaching staff include those who work directly with students such as learning assistants and student advisors.

Notes to the Financial Statements

7 Staff numbers and costs (continued)

Staff costs for the above persons were as follows:

	2020/21 Group £'000s	2020/21 College £'000s	2019/20 Group £'000s	2019/20 College £'000s
Salaries and wages	20,851	20,166	21,369	20,771
Social security costs	1,939	1,869	1,919	1,853
Other pension costs (including FRS 102 debit adjustment of £1,660k (2020:debit £1,607k) (note 22))	5,933	5,847	5,896	5,828
Payroll Sub total	28,723	27,882	29,184	28,452
Contracted out staff services	294	291	343	342
Total staff cost	29,017	28,173	29,527	28,794
Restructuring costs	244	244	84	84
Total	29,261	28,417	29,611	28,878

8 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the College, namely the Principal and Chief Executive (who is also the Accounting Officer), the Principal at Barnfield, three Deputy Principals and the Director of Finance, and the Corporation (although Corporation members are not remunerated for their services).

Emoluments of key management personnel and other higher paid staff

	2020/21 No.	2019/20 No.
The number of remunerated key management personnel was:	6	6

Notes to the Financial Statements

8 Key management personnel (*continued*)

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

	Key management personnel		Other staff	
	2020/21 No.	2019/20 No.	2020/21 No.	2019/20 No.
£60,001 to £65,000	-	-	3	4
£65,001 to £70,000	-	-	5	3
£75,001 to £80,000	1	1	1	1
£80,001 to £85,000	-	-	-	1
£85,001 to £90,000	3	3	-	-
£115,001 to £120,000	1	1	-	-
£175,001 to £180,000	1	1	-	-
	6	6	9	9

In addition to the staff disclosed above there was one member of staff, who was a part-time who had a usual full time equivalent salary of £65,001-£70,000.

Key management personnel emoluments are made up as follows:

	2020/21 £000s	2019/20 £000s
Salaries – gross of salary sacrifice	638	630
Employer's national insurance	86	85
Pension contributions	122	115
Total	846	830

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

The above emoluments include the following amounts payable to the Principal and Chief Executive (who was also the Accounting Officer and highest paid officer) of:

	2020/21 £000s	2019/20 £000s
Salary	178	176
Pension allowance	37	37
Pension contributions	-	-
Total	215	213

Notes to the Financial Statements

8 Key management personnel (*continued*)

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The remuneration for the Principal and Chief Executive is subject to annual review by the Corporation, who use benchmarking information to provide objective guidance. The Corporation has adopted the AoC's Senior Post Holders Remuneration Code and will assess pay for the Principal and Chief Executive in line with its principles in future.

The Principal at Barnfield, the two Deputy Principals and the Director of Finance report to the Principal and Chief Executive, who undertakes an annual review of performance against the College's overall objectives using both qualitative and quantitative measures of performance. The Principal and Chief Executive also uses benchmarking information (local/national colleges information) to provide objective guidance.

Relationship of Principal and Chief Executive's pay and remuneration expressed as a multiple:

	2020/21	2019/20
	No.	No.
Chief Executive's basic salary as a multiple of the median of all staff	7	7
Chief Executive's total remuneration as a multiple of the median of all staff	7	8

The members of the Corporation, other than the Accounting Officer and staff 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.

9 Other operating expenses - Group and College

	2020/21	2020/21	2019/20	2019/20
	Group	College	Group	College
	£000s	£000s	£000s	£000s
Teaching costs	2,112	2,083	2,093	2,042
Non-teaching costs	5,721	5,595	6,000	5,972
Premises costs	3,537	3,537	3,248	3,248
Total	11,370	11,215	11,341	11,262

Other operating expenses include:

Auditor's remuneration:

Financial statements audit – current year	37	31	42	42
Internal audit	38	38	36	36
Hire of other assets – operating leases	518	518	651	651
Payments to subcontractors	1,362	1,362	1,404	1,404

Notes to the Financial Statements

9a Access and participation spending

	2020/21 £000s
Access, success and progression activity	91
Disability support	7
Total	98

10 Actuarial gain/(loss) in respect of pension schemes – Group and College

	2020/21 £000s	2019/20 £000s
LGPS pension scheme (note 22)	(575)	(13,942)
TPS enhanced pension provision (note 20)	147	(449)
Total	(428)	(14,391)

11 Interest payable and other finance costs – Group and College

	2020/21 £000s	2019/20 £000s
Loans repayable in more than five years by instalments	181	214
Net interest on defined pension liability - TPS (note 20)	57	96
Net interest on defined pension liability - LGPS (note 22)	559	502
Total	797	812

12 Taxation – Group and College

	2020/21 £000s	2019/20 £000s
United Kingdom corporation tax	0	0
Total	0	0

United Kingdom corporation tax is chargeable on the College's commercial activities.

Notes to the Financial Statements

13 Tangible fixed assets – Group and College

	Land & buildings £000s	Vehicles & equipment £000s	Assets under construction £000s	Total £000s
Cost or valuation				
At 1 August 2020	148,653	13,656	1,367	163,676
Additions	72	314	4,101	4,487
Reclassification	(473)	668	(195)	-
Disposal (New Bedford Road land)	(18,741)	(740)	-	(19,481)
At 31 July 2021	129,511	13,898	5,273	148,682
Depreciation				
At 1 August 2020	29,535	10,424	-	39,959
Charge for the year	2,700	815	-	3,515
Eliminated on disposal	(5,669)	(599)	-	(6,268)
At 31 July 2021	26,566	10,640	-	37,206
Net book value at 31 July 2021	102,945	3,258	5,273	111,476
Net book value at 31 July 2020	119,118	3,232	1,367	123,717

Land and buildings inherited at the time of the College's incorporation in 1993 were valued by Herts County Council and included in the Revaluation Reserve. Since land is not depreciated, this value has not changed since the end of the previous accounting period. Other tangible fixed assets inherited at incorporation were fully depreciated in an earlier accounting period.

Nine acres of land and the associated buildings at the New Bedford Road Campus in Luton was sold in 2020/21. The value and the associated accumulated depreciation have been written out of the financial statements.

14 Investment interests

Interests in subsidiary companies are as follows:-

West Herts College owns 200,001 of the 400,001 issued ordinary £1 shares of Together Training Ltd (TT), a company incorporated in England and Wales (Company number 09975696). The remainder of the shares are owned by Oaklands College. TT was created by West Herts College in January 2016, but remained dormant until West Herts College and Oaklands College agreed a Joint Venture Agreement in January 2017. This arrangement was revised on 31 July 2017 as outlined in this paragraph's initial sentence and the results of TT have been consolidated in these financial statements as described in the accounting policies. The principal business of TT is to deliver apprenticeship programmes to employers who are required to pay into the apprenticeship levy. In 2020/21, TT made a £132,228 profit, with £66,114 attributed to Oaklands College as a minority interest.

West Herts College owns 100% of the 10,000 issued ordinary £1 shares of Learning Works for Business Limited (LWL), a company incorporated in England and Wales (Company number 06477767). The principal business activity of LWL was to market and sell training to the local public and businesses on a cost recovery basis. The company ceased trading in May 2010 and remains dormant. The activities previously carried out by LWL are currently being carried out directly by the College.

Notes to the Financial Statements

15 Current investments

	2020/21 £000s	2019/20 £000s
Short term deposit	5,000	5,000

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are variable for the duration of the deposit.

16 Trade and other receivables

	2020/21 Group £000s	2020/21 College £000s	2019/20 Group £000s	2019/20 College £000s
Amounts falling due within one year:				
Trade receivables	602	558	164	148
Prepayments	471	471	514	514
Accrued income	301	301	17	17
Debtors - Sale of land at New Bedford Road	8,313	8,313	-	-
Debtors - Other	73	73	135	135
Total	9,760	9,716	830	814

17 Creditors: amounts falling due within one year

	2020/21 Group £000s	2020/21 College £000s	2019/20 Group £000s	2019/20 College £000s
Bank loans (note 19)	505	505	494	494
Trade creditors	379	379	209	209
Other creditors	7	7	11	11
Other taxation and social security	459	459	489	489
Accruals (fixed assets)	147	147	485	485
Accruals (employee leave)	649	649	766	766
Accruals (other)	2,146	2,141	1,777	1,769
Income in advance	200	195	237	237
S106 agreement accrual	-	-	2,613	2,613
Deferred income	505	505	383	383
Deferred government capital grant (note 21)	683	683	645	645
Amounts owed to the ESFA	1,928	1,928	224	224
Amounts owed to the OfS	36	36	-	-
Total	7,644	7,634	8,333	8,325

Notes to the Financial Statements

18 Creditors: amounts falling due after more than one year

	2020/21 Group £000s	2020/21 College £000s	2019/20 Group £000s	2019/20 College £000s
Bank loans (note 19)	6,008	6,008	6,513	6,513
Deferred government capital grants (note 21)	28,656	28,656	24,179	24,179
Total	34,664	34,664	30,692	30,692

19 Maturity of debt

	2020/21 Group £000s	2020/21 College £000s	2019/20 Group £000s	2019/20 College £000s
Bank loans:				
Bank loans repayable within one year	505	505	494	494
Bank loans repayable between one and two years	517	517	505	505
Bank loans repayable between two and five years	1,630	1,630	1,590	1,590
Bank loans repayable in five years or more	3,861	3,861	4,418	4,418
Total	6,513	6,513	7,007	7,007

The total bank loans of £6,513k are the amounts outstanding at 31 July 2021 related to the following three loans :-

- £2,575k at a fixed rate of interest of 4.99% for 11 years to 2032.
- £2,501k for 11 years to 2032 with the interest rate fixed at 1.560% until 2024.
- £1,437k for 11 years to 2032 at a variable rate of interest.

All of these loans are secured against the College's Watford Campus.

20 Provisions for liabilities and charges – Group and College

Enhanced pension provision:	TPS £000s	LGPS £000s	Total £000s
At 1 August 2020	4,418	19	4,437
Expenditure in the year	(291)	-	(291)
Transferred to Statement of Comprehensive Income and Expenditure (note 11)	57	-	57
Transferred to Actuarial (gain)/loss in respect of pension schemes (note 10)	(147)	-	(147)
At 31 July 2021	4,037	19	4,056

The enhanced pension provisions relate to the cost of staff that have already left the College or who left the College following a restructuring carried out during the year. These provisions have been recalculated in accordance with guidance issued by the ESFA. The principal assumptions for this calculation are:-

	2021	2020
Interest rate	1.60%	1.30%
Net interest rate	2.60%	2.20%

Notes to the Financial Statements

21 Deferred capital grants

	Total £000s
At 1 August 2020	24,824
Cash received / receivable	5,873
Released to income and expenditure account in respect of depreciation (note 2)	(731)
Grant write off	(627)
At 31 July 2021	29,339
Of which:	
Due to be released within one year (note 17)	683
Due to be released after one year (note 18)	28,656
Total	29,339

22 Pensions and similar obligations (*College only*)

The College's employees belong to two principal pension schemes - the Teachers' Pension Scheme England & Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff. The LGPS scheme is managed by Hertfordshire County Council. Both are defined benefit schemes.

Total pension cost for the year

	2020/21 £000s	2019/20 £000s
Teachers' Pension Scheme – contributions paid	2,376	2,293
Local Government Pension Scheme:		
Contributions paid	1,811	1,928
FRS 102 (28) debit	1,660	1,607
Charge to the Statement of Comprehensive Income and Expenditure	3,471	3,535
Total pension cost for the year (note 7)	5,847	5,828

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS scheme was at 31 March 2019. For the LGPS scheme the last full actuarial valuation was at 31 March 2019.

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

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 of 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.

Teachers' Pension Scheme 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 valuation of the TPS was carried out as at 31 March 2019 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 in April 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 18/19. DfE has agreed to pay teachers' pension employer contribution grant to cover the additional costs during the 2020/21 academic year;
- total scheme liabilities for service to the effective date of £218 billion, and notional assets of £198 billion, giving a notional past service deficit of £20 billion; and
- an employee cost cap of 10.9% of pensionable pay.

A full copy of the valuation report and supporting documentation can be found on the [Teachers' Pensions Scheme website at the following location:](#)

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. 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 scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme with the assets held in separate funds administered by Hertfordshire County Council. The total contribution made for the year ended 31 July 2021 was £2,254k (2020: £2,386k) of which employer's contributions totalled £1,811k (2020: £1,928k) and employee's contributions totalled £443k (2020: £458k). The current employer contribution rate is 26.5%.

Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	31 July 2021	31 July 2020
Rate of increase in salaries	3.5%	2.6%
Future pensions increase	2.9%	2.2%
Discount rate for scheme liabilities	1.6%	1.4%
Inflation assumption (CPI)	2.6%	2.4%
Commutation of pensions to lump sums – pre April 2008 service	50%	50%
Commutation of pensions to lump sums – post April 2008 service	75%	75%

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

	At 31 July 2021	At 31 July 2020
Retiring Today :-		
Males	22.1	21.9
Females	24.5	24.1
Retiring in 20 Years :-		
Males	23.2	22.8
Females	26.2	25.5

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

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

	Fair value at 31 July 2021	Fair value at 31 July 2020
	£000s	£000s
Equity instruments	45,077	38,261
Debt instruments	26,006	27,758
Property	9,536	6,752
Cash	6,068	2,250
Total fair value of plan assets	86,687	75,021

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

	At 31 July 2021	At 31 July 2020
	£000s	£000s
Fair value of plan assets	86,687	75,021
Present value of funded liabilities	(128,612)	(114,152)
Deficit in the scheme	(41,925)	(39,131)

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

	2020/21 £000s	2019/20 £000s
Amounts included in staff costs		
Current service cost	3,471	3,535
Amounts included in interest and other finance costs	(559)	(502)
Amounts recognised in Other Comprehensive Income		
Actuarial loss	(575)	(13,942)

Movement in net defined benefit (liability) during the year

	2020/21 £000s	2019/20 £000s
Deficit in the scheme at 1 August	(39,131)	(23,080)
Movement in the year:		
Current service charge	(3,471)	(3,535)
Employer contributions	1,811	1,928
Net interest on liability	(559)	(502)
Actuarial (loss)	(575)	(13,942)
Deficit in the scheme at 31 July	(41,925)	(39,131)

Notes to the Financial Statements

22 Pensions and similar obligations (*continued*)

Asset and liability reconciliation

	2020/21 £000s	2019/20 £000s
Changes in the present value of defined benefit obligations		
Opening defined benefit obligation	114,152	99,732
Current service cost	3,471	3,535
Interest cost	1,613	2,120
Contributions by members	443	458
Changes in financial assumptions	10,608	10,254
Losses on curtailments	-	3
Estimated benefits paid	(1,675)	(1,950)
Closing defined benefit obligation	128,612	114,152

	2020/21 £000s	2019/20 £000s
Change in fair value of plan assets		
Opening fair value of employer assets	75,021	76,652
Interest on plan assets	1,054	1,618
Contributions by members	443	458
Contributions by the employer	1,811	1,928
Return on plan assets	10,033	(3,685)
Estimated benefits paid	(1,675)	(1,950)
Closing fair value of employer assets	86,687	75,021

23 Capital commitments

Group and College	2020/21 £000s	2019/20 £000s
Commitments contracted for at 31 July	16,397	1,020
Authorised but not contracted for at 31 July	661	368

The commitments of £16.697m in 20/21 relate to the Barnfield College New Bedford Road redevelopment.

Notes to the Financial Statement

24 Financial commitments

At 31 July, the College had minimum lease payments under non-cancellable operating leases for IT equipment as set out below:-

Future minimum lease payments due:

Group and College	2020/21 £000s	2019/20 £000s
Not later than one year	568	608
Later than one year and not later than five years	1,195	200
Total financial commitments	1,763	808

25 Contingent liabilities

In the year ended July 2016 the College received an exemption on VAT of £973k input VAT from HMRC in respect of the construction cost of Phase 1 building work at the Hemel Campus. The refund was based on building usage ratio, which may change in future years. Whilst no change is anticipated, should such a change occur within 10 years from the date of practical completion of the works, a portion of or the entire amount of £973k could become due and payable by the College to HMRC.

26 Amounts disbursed as agent

Discretionary Support Fund:-	2020/21 £000s	2019/20 £000s
Funding body grants – hardship support	722	756
Disbursed to students	477	485
Administration costs	24	40
Balance unspent as at 31 July included in creditors	221	231

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 are therefore excluded from the Statement of Comprehensive Income and Expenditure.

27 Related party transactions

Due to the nature of the Group and the College's operations and the composition of the Corporation (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 Corporation may have an interest. All transactions involving organisations in which a member of the Corporation 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 102.