

**Wiltshire College & University Centre**

**Members' Report and Financial Statements**  
for the Year Ended 31 July 2020

## **Key Management Personnel, Board of Governors and Professional advisers**

### **Key management personnel**

Key management personnel are defined as members of the College's Senior Leadership Group and were represented by the following in 2019/20:

Amanda Burnside	Principal and CEO; Accounting Officer
Iain Hatt	Deputy Principal Curriculum and Quality
Adrian Ford	Deputy Principal Corporate Resources (Left March 2020)
Julian Wood	Deputy Principal Corporate Resources (replacing Adrian Ford from April 2020)

### **Board of Governors**

A full list of Governors is given on pages 16 - 17 of these financial statements.

Mrs H Cross acted as Clerk to the Corporation throughout the period.

### **Professional advisers**

Financial statements and regularity auditors:	Bishop Fleming 10 Temple Back Bristol BS1 6FL
Internal auditors:	BDO LLP 55 Baker Street London W1U 7EU
Bankers:	Lloyds Banking Group Canons House Canons Way Bristol BS99 7LB
Solicitors:	Shakespeare Martineau LLP No 1 Colmore Square Birmingham B4 6AA

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## **Principal's Review**

### **Strategic Aims**

Wiltshire College & University Centre's strategic aims are:

- To be a beacon of excellence in education and training
- To drive economic growth in our region through the delivery of skills aligned to local economic priorities and employer needs
- To lead the sector in innovation in teaching and learning and curriculum offer and delivery
- To recruit, retain, develop, and reward the best staff who will take the College forward
- To be a future proofed, financially viable organisation, able to invest for growth and sustainability

The College was making good progress against its Strategic Plan until March 2020 when Covid-19 struck and the College's campuses were closed. All staff worked from home and teaching went online until the end of the academic year in July 2020. All the following statements should be considered in the context of the impact of the virus on the College and on the FE sector.

The College continued to improve further the outcomes for students in 2019/20 and was continuing, until the virus struck, to achieve significant growth in apprentices whilst also continuing to maintain its market share in 16 -18 year olds.

The College continued to drive forward the £24m redevelopment of its Salisbury and Lackham campuses with £22m from Local Growth Fund 3 awarded in 2017 via the Swindon and Wiltshire Local Enterprise Partnership (SWLEP). Work continued on these projects throughout the academic year although they have been slightly delayed by the impact of Covid-19. However, all projects are on track to be delivered in early 2021 and before the March 2021 deadline.

### **Adult Education Budget**

The College delivered £3.6m of Adult Education Budget provision during 2019/20. The College sub-contracted £1.6m of this, The College continued to minimise subcontracting to local and sustainable delivery partnerships resulting in a larger proportion of subcontracting being delivered within Wiltshire, surrounding counties and the South West region.

### **Higher Education**

Higher Education income totalled £1.8m in 2019/20 and amounted to 5.1% of the College's total.

The College's Curriculum Strategy is aligned very closely to the College's Strategic Plan priorities and there is growth in higher education planned for the future in line with higher level skills gaps in the region, which are constraining productivity and growth. The College has, in recent years, closed a number of traditional degree programmes and introduced more higher level apprenticeships in their place in line with student and employer demand.

### **Work with Employers**

Wiltshire College & University Centre has a strategic aim to 'drive economic growth in our region through the delivery of skills aligned to local economic priorities and employer needs.'

The College worked with over 2000 employers during 2019/20 and currently has apprentices with 750 of them (640 in SMEs). There are over 1400 apprentices on programme. Apprenticeship recruitment was severely impacted from March 2020 onwards due to Covid-19 with SMEs (of which there is a high

proportion in Wiltshire) being particularly affected; most notably in engineering – a strength of the College.

The College operates much of its outward-facing work with employers through its Business Development department. The remit of the Business Development department includes apprenticeships, work-based learning, work and industry placements, commercial full cost training and commercial projects. The College's commercial income streams were all negatively impacted by Covid-19, including its residential income stream from its Salisbury and Lackham campuses.

The College's joint venture company with Bridgwater and Taunton College, The Colleges' Partnership Ltd, specialises in the delivery of apprenticeships in the armed forces around the UK and overseas. The company was relatively unaffected by Covid-19 with teaching on army bases continuing.

The College has excellent engagement with the Military, a significant presence in Wiltshire and was the preferred educational provider for the Army's rebasing programme which saw 25% of the British Army relocated permanently in Wiltshire during 2020.

### **Apprenticeships**

The Apprenticeship provision is delivered to students at ages 16-18, 19-24, and 25+ across a broad range of subject areas.

In 2019/20 the College once again outperformed the National Average Apprenticeship achievement rate. Achievement rates were on track to improve for a further year, however the impact of Covid-19 and delay or postponement of end point assessments has impacted this progress. New apprenticeship programmes were developed in a range of subject areas including at higher and degree level. All programmes were clearly planned based on target student numbers, duration, content and resources, to provide certainty of income and cost, as well as clear expectations for learners and employers. An Apprenticeship Manager Group met monthly to oversee the roll out of changes, share best practice and manage consistency across all subject areas.

Employer engagement continues to be strong. In 2019/20 significant large employers such as B&NES Council and the NHS have chosen the College as their training provider for the first time following a competitive selection process. A continued and established team focused on account management has resulted in regular repeat business and the Training Consultant (sales team) are highly productive. Apprenticeship starts in 2019/20 showed a slight decline against last year however this significantly outperformed the National Average decline due to the Covid-19 impact. The portfolio of Apprenticeships offered is closely aligned to skills shortages, job growth and Local Enterprise Partnership (LEP) priorities. Employer engagement is excellent, with a dedicated employer facing team feeding employer intelligence directly into curriculum departments.

### **Partnership subcontracting programme**

All subcontractors are awarded a standard contract with schedules containing the quality, audit, monitoring and payment arrangements. Support provided by the College is detailed in the published Subcontractor Policy.

Contract management of subcontractors is good. A dedicated team undertake the effective management of subcontractors and there are strong links to the College's quality team. All providers

receive regular contract meetings, quality audit (including teaching observation) and attend partnership events. RSM, an independent audit firm provided assurance on compliance with subcontractor management controls.

Audit and payment mechanisms are comprehensive and robust. Outcomes for all subcontracted provision is very high and above national average achievement rates. A 100% audit policy ensures that funding claimed is accurate and supported by the necessary evidence. A dedicated Partnership Coordinator oversees all transactions

### **Foundations for growth**

Wiltshire College & University Centre is a large provider of Further and Higher Education in Wiltshire with its four main campuses across the county at Chippenham, Trowbridge, Lackham, and Salisbury, as well as two smaller sites in Castle Combe and Corsham. The main campuses are spread geographically with over 50 miles between Chippenham and Salisbury. The Lackham campus includes an estate of around 224 hectares and a range of land-based enterprises including a farm and a specialist animal centre. The specialist centre based at Castle Combe race circuit offers a motorsport engineering degree.

### **Employment Growth**

Swindon and Wiltshire is an area of major economic significance; attracting substantial overseas and UK investment. Its pivotal location in central southern England offers direct links to London, Heathrow, Oxford, Bristol, Cardiff, the Midlands and beyond.

Over 30,000 businesses thrive in the area generating £18.3bn. 61% of the 703,000 population (one of the fastest growing in the country) are of working age, 39% of whom are qualified to NVQ4 or above which is above the national average.

There are strong prospects for employment growth in the area despite the short term impact of Covid-19 which is affecting a number of employment sectors such as hospitality and retail.

The employment projections indicate that the occupational profile of the area is predicted to continue to shift towards higher-level occupations, with the greatest levels of growth expected among managers, professionals and associated professionals.

### **Swindon and Wiltshire Local Enterprise Partnership (LEP) Emerging Local Industrial Strategy (LIS) 2020**

The LIS identifies three Growth Zones where there are currently large clusters of economic activity and where there is the greatest capacity for supporting sustainable growth in the future:

Zone 1: Swindon M4 Zone (positively impacts on the Chippenham campus)

Zone 2: A350 Zone (positively impacts on the Chippenham, Lackham and Trowbridge campuses)

Zone 3: Salisbury A303 Zone (positively impacts on the Salisbury campus)

The College was fully engaged in the development of the Local Industrial Strategy, the Principal sitting on the SWLEP Task and Finish Group, and this is closely aligned to the College's own growth strategy.

## **Report of the Governing Body**

### **NATURE, OBJECTIVES AND STRATEGIES**

The members present their report and the audited financial statements for the year ended 31 July 2020.

#### **Legal status**

Wiltshire College & University Centre Corporation has its powers from the Further and Higher Education Act, with its principal powers being to provide further and higher education, to provide specified secondary education and to supply goods or services in connection with providing education. The College is a charity within the meaning of Part 3 of the Charities Act 2011.

#### **Vision**

Our vision is to be an outstanding College of Further and Higher Education, learning and training.

#### **Mission**

The College's mission as approved by its members is to be a vital player in Wiltshire's economic growth, raising skills and attainment, delivering excellence and innovation; and inspiring people to achieve.

The core purpose of Wiltshire College & University Centre is to provide high quality, flexible learning, and training opportunities that enable our students to succeed.

In setting the College's mission and objectives, the Corporation is mindful of its responsibility to ensure public value and benefit and has considered the advice of the Association of Colleges and the Charity Commission. The College's values are founded on a purpose to meet the needs of its learners and the community. Governors are aware of their duties to deploy public money for the benefit of all who may wish to take up the opportunities the College offers. Throughout this report, there is strong evidence of the College's successes in providing value to its community. In 2016 the College launched a 5-year Strategic Plan, covering the period from 2016 – 2021.

#### **Public Benefit**

Wiltshire College & University Centre is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 16 to 17. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

#### **Transparency arrangements**

The Governing Body's arrangements are such that regular meetings of the Corporation are held where all key strategic matters are considered by the whole governing body and there is minimal use of committees as a result. An Audit Committee and a Remuneration Committee are retained. To provide further opportunity for scrutiny a finance working group has met prior to each governing body meeting during this year.

### **Implementation of the Strategic Plan**

The College launched a 5-year Strategic Plan in 2016 which focused on the quality improvement, financial sustainability and growth agendas to address legacy issues in all these areas.

The Strategic Plan is closely aligned to local economic priorities as outlined in the Swindon and Wiltshire Local Enterprise Partnership's Strategic Plan (2016) which was replaced by the Emerging Local Industrial Strategy in 2020. The College was involved in the development of the Local Industrial Strategy and its growth strategy is well aligned with a focus on meeting local economic growth priorities in higher-level skills in areas such as engineering, construction and health and life sciences.

### **Performance Indicators**

The Board receives regular updates from the Senior Leadership Group in the form of a 'Balanced Score Card' against the objectives and agreed Key Performance Indicators, which measure progress against the key targets identified on the strategic plan. These include, but are not restricted to, the following areas:

- Curriculum: staff utilisation; attendance; class sizes
- Quality: recruitment and retention
- Financial: contract performance for 16-18, Adults and Apprenticeships, financial projects, cash generation, capital spend;

Performance in year was mixed, in part due to the impact of Covid-19.

The Board also receives and reviews information on the following key areas of performance:

- Employer: market penetration, engagement levels, full cost performance & contribution rates, contract performance, employer satisfaction and timely success rates;
- Economic Growth: Apprenticeship starts, Higher Education enrolments;
- Human Resources: establishment full time equivalent staff (FTE), diversity, sickness absence, staff turnover, part time staffing and appraisal completion
- General: Satisfaction for learners and staff, feedback, exclusions, learner diversity (ethnicity and disability), room utilisation and accident statistics.

## **FINANCIAL POSITION**

### **Financial objectives**

The College's financial objectives set for 2019/20 were

- To achieve an operating surplus before exceptional items
- To achieve an ESFA financial health grade of "Good"
- To meet the bank loan covenants

### **Financial results**

The College's operating deficit for 2019/20 was £1,711k. The in year financial performance was significantly impacted by the effect of Covid-19 which affected the financial position by an estimated £1,625k. Prior to the national lockdown from February 2020 the College had been forecasting a small surplus and achievement of its financial objectives. The areas most affected were lost income from apprentice starts, fewer learners starting the Get Ahead programme and closed student accommodation. There were some financial benefits to offset this lost income, for example, the furlough scheme grants and campus closures leading to lower cleaning and travel costs. This impact on the College's financial performance meant the ESFA health grade for 2019/20 was Requires Improvement.



The table below reconciles the financial statements to the operating surplus for the year.

<b>Reconciliation of operating deficit to SOCI deficit (£000's)</b>	
<b>Deficit for the year (SOCI)</b>	<b>(3,837)</b>
LGPS adjustments	1,890
Other exceptional items (restructuring, loss on disposal, accelerated depreciation)	236
<b>Operating deficit</b>	<b>(1,711)</b>

The cash balance at the end of July 2020 was £7,089k, this large positive cash balance is mainly a result of cash received from the LEP and loan drawdown from Wiltshire Council running in advance of construction expenditure. In year capital expenditure was £9,992k, mainly expenditure on the large construction projects at Lackham and Salisbury, funded by the LEP and a loan from Wiltshire Council.

### **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College group's reserves include £nil (2018/19: £nil) held as restricted reserves. It is the corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

### **Joint venture company**

#### ***The Colleges' Partnership Ltd***

The company is a joint venture and is governed equally by Wiltshire College & University Centre and Bridgwater & Taunton College, it is a company limited by guarantee and is recognised by HMRC as a charity for tax purposes. Surpluses are distributed evenly between the two partner colleges and the accounting period is in line with the College as 31<sup>st</sup> July 2020. In 2019/20 it generated a surplus of £25k (2018/19 £25k), full accounts outlining the performance of the joint venture are available via Companies House for The Colleges Partnership Ltd.

### **Student numbers**

In 2019/20, the College delivered activity that has produced £26,800k in funding body grants (2018/19: £26,630k). The College had approximately 10,972 funded, 1,767 non-funded & 359 HE students in 2019/20, (10,790 funded, 2,994 non-funded & 358 HE students in 2018/19).

### **Outcomes for Student and Success Rates**

The impact of the curriculum successfully supports a high level of well rounded, knowledgeable and appropriately skilled students who are able to progress onto further study and employment.

In 2019/20, the College offered courses in most subject sector areas, with most students attending the main four campuses. The majority of full time students are aged 16-18 and enrolled on education and training vocational study programmes. Adult students are mostly studying vocational and foundation programmes at level 1 and 2. The College has seen a consistent number of High Needs students studying full time and part time.

Using the education and training achievement rate methodology (including English and maths), the overall headline qualification achievement rate for Young People has improved by 2% to 83.1%, adult provision has improved by 0.3% to 89%, and High Needs student achievement has declined by 4.3% to 80.7%. Apprenticeships have declined 3.8% to 67.8% due to Covid related delays to end point assessment.

### **The College Curriculum**

The curriculum intent delivers the skills, knowledge and behaviours required by students to successfully prepare them for their next stage in education, training or employment. The curriculum reflects the national, regional and local context and has been reviewed and shaped to deliver our mission statement, which is; to be a vital player in Wiltshire's economic growth, raising skills and attainment, delivering excellence and innovation; inspiring people to achieve.

The College has an extensive curriculum offer, both in terms of subject choice and level and includes courses in most sector subject areas. The largest vocational subject areas are Creative Arts, Health and Life Sciences, Construction and Animal Care and Management. Apprenticeships and workplace learning are offered in ten sector subject areas, the largest being Engineering and Construction.

Suitable progression routes and appropriate career opportunities are at the centre of the College curriculum offer. Innovative full and part time curriculum planning is ongoing throughout the academic year. Local and national market intelligence, such as the LEP priorities are used to drive this process, alongside key feedback from Wiltshire Council on local employment demands as new businesses move to the area, and College led employer engagement forums to identify current and future job opportunities. Progression onto higher-level courses at the College is very good in all curriculum areas. Students are supported to identify appropriate progression onto a higher-level course or into related employment from their first tutorial. This is reviewed during the year and forms a key focus of the tutorial programme. Teachers delivering on higher education programmes attend level 3 classes to promote HE and explain the benefits of studying HE locally. Work is ongoing to further develop new higher national and foundation degree programmes aligned with the LEP strategic priorities which will be delivered in partnership with Pearson, Oxford Brookes University and Bournemouth University.

The College marketing strategy ensures that the College provides the right information in the preferred format to as many people as possible. This includes tangible marketing materials (fliers, posters and booklets), a high-profile digital presence, planned events for employers and individuals and joint marketing campaigns with employers. Our core marketing presence is supported by a proactive Business Development team, who generate new and repeat employer business, whilst student recruitment and school liaison teams engage individuals, parents and education providers.

During 2019/20 the College delivered over 70 new apprenticeship 'standards' following the withdrawal of apprenticeship 'frameworks' on the 31st of July and the refresh of our apprenticeship offer during 2019/20.

The College had 812 Apprentice starts in the academic year 2019/20 (14% down on the previous year). This is a better position than the national performance of apprenticeships starts which shows the impact that the Covid-19 pandemic is having on apprenticeships.

Delayed assessment continues to impact on a number of apprenticeship achievements and progression from level 2 to level 3.

The College offers a broad apprenticeship programme with students at each of the four campuses undertaking a diverse range of programmes in engineering, plumbing, construction, automotive, health and social care, childcare, horticulture, agriculture, hairdressing, business administration, customer

service and creative industries. The portfolio of apprenticeships offered is closely aligned to fill skills shortages, encourage job growth and meet local enterprise priorities.

Adult learning delivery offers a range of courses suited to meet the requirements of adult students who are looking to improve their current employment situation, and gain valuable skills and self-confidence, which helps them find work or to be successful in their current job.

These courses also improve their health and wellbeing. Community learning is non accredited part-time learning, but the majority of the courses are progressive, which enables the learners to work their way up to more challenging levels of ability, allowing them to achieve the skills they require for further study or employment.

The College has further developed innovative ways of working with industry. For example, task groups are used to encourage and nurture new curriculum ideas as well as provide practical guidance, support and, where necessary, investment.

The annual curriculum planning process is focused on the curriculum intent and maximising progression opportunities for all students and has a greater requirement for employer engagement in the curriculum. Employers are actively engaged in curriculum development and the evaluation of skills being delivered. Improved consideration is also given to employers' views and employment trends. This will further ensure that the provision meets the needs of the employment market and that students are well equipped for progression into employment. In addition to the curriculum planning process, cross College systems have been developed to ensure the strong curriculum intent of the College is maintained;

- Course approvals and amendment procedures (FE, Apprenticeships & HE) ensure that all programmes are in line with the College's overall strategic direction.
- Ambitious future plans including expanding agricultural technology and agricultural engineering provision at Lackham, as well as introducing advanced engineering provision at the Salisbury campus in line with employer demand.
- Investment in technology and infrastructure/staff skills to deliver innovation and growth.
- A staffing structure that enables innovation, growth and sustainability.
- Investment in new product development.
- A curriculum strategy linked to local economic growth priorities (SWLEP) and employer demand and engagement and which addresses the key areas for growth in apprenticeships, Higher Education and military resettlement.

College senior managers attend local school partnership meetings across Wiltshire, working in collaboration with Headteachers to represent the College and influence future curriculum changes. The curriculum offer is reviewed regularly to ensure appropriate progression routes exist and to look at future developments such as T-Levels, technical qualifications, and the implications of centre assessed grades outcomes for entry criteria onto College courses.

Comprehensive and effective 14-16 provision offers clear progression routes onto College programmes (with 58.1% of 2019/20 pre-16 students progressing onto College courses for September 2020).

The Performance and Quality group weekly management meeting attended by Assistant Principals and Executive Director of Business Development is chaired by the Deputy Principal Curriculum and Quality addresses both strategic and operational issues across the curriculum with College oversight of curriculum developments, strong curriculum leadership and curriculum performance through review of key performance indicators, new course approvals and quality of education agenda items. These frequently

review aspects of teaching, learning and assessment including observation themes, progress monitoring, staff development, employability, personal development, behaviour and attitudes.

### **Curriculum Quality Assurance**

The College has established a clear culture of critical self-assessment through highly effective leadership and management, a rigorous approach to quality enhancement and employs a range of well-established processes and opportunities to capture and record student feedback over time.

The College's approach has been to support reflective enquiry and practice, embedded through robust self-assessment and quality improvement processes. College-wide commitment to quality assurance continues to be an integral element of performance management.

Self-assessment is very well established and highly effective. It involves all staff and governors in a staged process throughout the academic year and takes account of a variety of stakeholder views as an integral part of the College's quality cycle. Comprehensive moderation ensures that self-assessment remains rigorous and robust.

Following self-assessment, quality improvement plans (QIP) are produced, outlining challenging targets and key actions which are closely monitored throughout the year. Governors have a firm grasp of the College's strengths and areas for improvement as a result of their participation in the SAR process and subsequent regular monitoring of the College QIP.

A comprehensive strategic planning process normally takes place annually but was postponed in 2019/20 due to lockdown. This process includes governors, the senior leadership team and key managers, and focuses on outcomes of self-assessment, analysis of legislative frameworks and national trends, which supports the update and identification of key strategic aims. The setting of demanding targets across the College, together with an expectation of high standards, is a priority for all.

### **Future developments**

As part of its continuing investment in new and existing facilities, the College obtained a £22m investment over three years from the LEP, to significantly improve facilities and learner resources at its Salisbury and Lackham campuses. The College is match funding £2m of its own resources to the development, with an overall investment of £24m. The projects are well underway, due for completion in 2020/21, and focussed on meeting the skills agenda of the LEP predominantly around higher level skills, Life Sciences, Advanced Engineering and Land Based Agritech.

This investment, combined with the College's continued strong reputation in the community and with employers, is expected to further support student growth and curriculum delivery in coming years. The expansion of facilities for higher level learning will support an important element of the College's strategy, alongside a growing higher-level curriculum offer. Wiltshire is also in a period of ongoing housing growth and rising student demographics are expected to support the College's future recruitment after several years of declining population amongst the 16-19 cohort. The College continues to demonstrate strong academic achievement and has been selected as a T-level provider from September 2022. The pandemic has demonstrated the importance of the College being at the forefront of developments in online and remote learning. Reflecting progress under its existing strategy, the College was successful in bidding as a lead partner for the College Collaboration Fund projects to further develop online learning resources in 2020-21. Each of these developments will help support the ongoing achievement of the College's strategic objectives.

These developments, combined with cost efficiencies, including pay cost reductions arising from current and planned restructuring, will enhance the College's financial performance in future years, supporting liquidity and over time reducing external debt. The College is adopting new financial performance indicators for future years to inform decision making as part of a wider financial recovery plan to return to financial sustainability following the impact of Covid-19. The future impact of Covid-19 on the College's prospects is inherently uncertain. The College has adjusted future financial forecasts to reflect the likelihood of slower income growth in future years. Given the operating uncertainty arising from the pandemic, the College will now undertake a full strategic plan review in 2021-22, one year later than planned.

### **Going Concern**

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

In 2019/20 Covid-19 had an adverse impact on operating financial performance and the pandemic creates significant uncertainty in forecasting future financial performance. The College has necessarily made assumptions in forecasting performance for the forthcoming 12 months and has sought to be prudent in making these judgements. Downside risk is a possibility but based on its financing arrangements, the College considers that the cashflow forecast for the next 12 months has capacity to absorb the realisation of reasonable risks.

The College is taking out new debt with Wiltshire Council to replace existing debt held with Lloyds bank, in addition to funding support being provided by the Department for Education (DfE). Future cashflow is dependent on these financing activities being completed. The Board of Governors believe that these arrangements mean that the College and Group are able to continue as a going concern.

However, the legal agreements with both Wiltshire Council and the DfE, upon whose successful completion the College's ability to continue as a going concern depends, are not signed at the date of approval of these financial statements. Both the Council and DfE have completed their own internal approval of the lending and the legal documents are at an advanced stage of review. They are expected to be signed by March 2021. These conditions indicate the existence of a material uncertainty which may cast doubt on the College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the College and Group were unable to continue as a going concern.

### **Resources**

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

### **Financial**

As at 31 July 2020, the College Group had net assets of £14,674k (2018/19: £16,621k) excluding a pension liability of £32,575k (2018/19; £21,539k)

### **People**

The College employs around 800 people, equating to 630 full time equivalents, of whom 330 are teaching staff. Many non-teaching staff perform significant roles closely connected to teaching and learning such as Additional Learner Support, technicians, salon managers etc. These employees support lecturers and trainer assessors and they have a considerable positive impact on the learning environment.

### **Reputation**

The College has a good reputation locally and nationally, which continues to develop and improve. Maintaining a quality brand is essential for the College's success in attracting students and external relationships.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

A risk register is maintained at College level which is reviewed at all meetings of the Audit Committee and alternate meetings of the full Corporation. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

A pre-eminent and over-riding risk in 2019-20 year was that of Covid-19, which created risks to income, expenditure, health and safety of students and staff and the college's operations. An exceptional risk register identifying the overarching risks generated by Covid-19 was promptly created and regularly kept under review by the executive and governors in order to determine what actions were needed and mitigations that could be made. The future risk to College activities from the ongoing pandemic is uncertain, but the College has sought to make prudent assumptions and continually monitors the ongoing risks through its risk management processes

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

### **1. Government funding**

The College has considerable reliance on continued government funding through the education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The funding methodology applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner.
- A government review of its priorities for the adult skills sector would affect future funding.

This risk is mitigated in a number of ways:

- By ensuring that best value can be demonstrated.
- By developing alternative income streams, thereby reducing dependence on any one funding stream or body.
- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with funding bodies.

### **2. Tuition Fees policy**

The College operates in a competitive sector and it mitigates its risk by ensuring that it is rigorous in monitoring of the demand for courses as prices change. It sets its Fees Policy to ensure that:

- The College complies with current legislation.

- Each fee is fair compared to other fees in the College.
- Fees are competitive when compared with fees in other, similar organisations.

Fees are usually set before the start of each academic year. Occasionally, this may not be possible in certain areas, however, the College will never increase a course fee, for that academic year, after a student has enrolled on their course.

### **3. Maintain adequate funding of pension liabilities**

The financial statements report the share of the Local Government Pension Scheme (LGPS) deficit on the College's balance sheet in line with the requirements of FRS 102 (Section 28).

The risk is mitigated by the College working closely with Wiltshire Council, who administer the LGPS, to negotiate mutually acceptable employer's contribution rates for the next three years, and to agree a long-term strategy to manage the repayment of pension scheme deficit.

The College is confident that the improving financial robustness can withstand increased pension contributions, and the ability to repay the pension deficit over an appropriate period.

### **Stakeholder Relationships**

In line with other Colleges and Universities, Wiltshire College & University Centre has many stakeholders. These include:

- Learners;
- Education Sector Funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/LEPs;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection by making contact with the Clerk, contact details on the College website.

### **Equality**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positive differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. The College's Equality Policy is resourced, implemented, and monitored on a planned basis and published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures.

The College is a 'Disability Confident' employer recently migrating from 'two ticks' in October 2016 and has committed to the principles and objectives of the Disability Confident scheme and standard. The

College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development, and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has also implemented an updated Equality & Diversity online training programme.

### **Disability statement**

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a As part of its accommodation strategy the College updated its access, provision is regularly reviewed by Disabled Go <http://www.wiltshire.ac.uk/accessibility/disabledgo/>.
- b The College has a team of specialist staff who provide information, advice and arranges support where necessary for learners with disabilities. Each campus has an Additional Learning Support (ALS) Manager who works closely with local authority Special Educational Needs and Disability (SEND) professionals and schools to support timely assessments and help learners with their transition to College.
- c Wherever possible specialist equipment, such as radio aids, will be made available for use by learners and a range of assistive technology is available in the learning centre.
- d The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e The College has made a significant investment in the appointment of specialist teams to support students with learning difficulties and/or disabilities, including specialist support workers who work with learners with sensory impairment and Autism Spectrum Conditions. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for learners who have learning difficulties and/or disabilities.
- f Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.



**Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

Number of employees who were trade union officials during the relevant period	Full time equivalent employee number
7	5.88

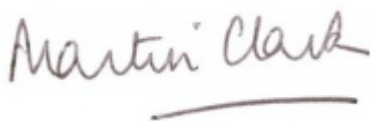
Percentage of time	Number of employees
0%	0
1% - 50%	7
51% - 99%	0
100%	0

Total cost of facility time	£19,247
Percentage of the total pay bill spent on facility time	0.08%

**Disclosure of Information to Auditors**

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

Approved by order of the members of the Corporation on the 28<sup>th</sup> January 2021 and signed on its behalf by:



Martin Clark  
*Chair*

## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the Members' Report and Financial Statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2019 to 31st July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. In full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges, "the Code", which the Corporation has adopted.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. 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 Governors, the College complies with all the provisions of the Code of Good Governance, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges which it formally adopted in summer 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

### The Corporation

The members who served the Corporation during the year and up to the date of signature of this report were as follows:

<b>Members of Corporation 2019/20</b>						
<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>	<b>Attendance in 2019/20</b>
Martin Clark	April 2015 and re-appointment April 2019  Chair from 1 August 2018	4 years (2 <sup>nd</sup> term)		External	Remuneration	100%
Mark Lello	November 2012 and re-appointment November 2016 Vice-Chair until resignation	4 years (2 <sup>nd</sup> term)	30 June 2020	External	Remuneration	80%

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>	<b>Attendance in 2019/20</b>
Jack Wills	October 2013 and reappointment Nov 2017  Appointed Vice-Chair from September 2020	4 years (2 <sup>nd</sup> Term)		External	Audit  Remuneration from Sept 2020	82%
Harry Adam	Mar 2016 and reappointed March 2020  Chair of the Remuneration Committee	4 years (2 <sup>nd</sup> term)		External	Audit, Remuneration	72%
Clive Barker	Sep 2019  Chair of Audit Committee	4 years		External	Audit	66%
Jon Downing	Nov 2016 and reappointed to 31 December 2020	4 years	31 December 2020	External	Audit until March 2020	90%
Iain Hutchison	Oct 2017	4 years		External		66%
Amanda Burnside	N/A	Ex-officio		Principal		100%
Venetia Summers	Dec 2014 and re-appointment Dec 2018	4 years (2 <sup>nd</sup> Term)		Staff		88%
Becca Thurston	Sep 2018	4 years	May 2020		Audit until May 2020	79%
Carlton Brand	Oct 2018	4 years		External		77%
Mags Patten	Jan 2019	4 years		External		100%
Ronan Mulcahy	Sep 2019	4 years	March 2020	Staff		43%
Ruth Greening	November 2019	As per course	July 2020	Student		75%
Katie Walker	June 2020	4 years		External		100%
<b>Appointments made after year-end but before Accounts signature – as below</b>						
Poppy Broster-Becker	August 2020	Duration as student		Student		N/A

<b>Name</b>	<b>Date of Appointment</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committees Served</b>	<b>Attendance in 2019/20</b>
Lily Raynor	November 2020	4 years		Staff		N/A
Kieran Castle	December 2020	Duration as student		Student		N/A
Adrian Windo	January 2021	4 years		External		N/A
Mark Carrol	January 2021	4 years		External		N/A
Sam Fox	January 2021	4 years		External		N/A
Jennifer Davies	January 2021	4 years		External		N/A

Heather Cross FCIS acts as the Clerk to the Corporation. The Clerk undertakes regular training and updating. She is a National Leader of Governance.

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, and personnel related matters such as health and safety and environmental issues. The Corporation meets up to 10 times in the year. Minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at [www.wiltshire.ac.uk](http://www.wiltshire.ac.uk), or from the Clerk to the Corporation (contact details also on the website).

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection through the Clerk.

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

Formal agendas, papers, and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided as required.

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

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Accounting Officer of the College are separate.

The impact from early March 2020 of the Covid-19 pandemic on the College and the Corporation was significant and it is to the great credit of all that the College was able to continue to deliver much of its curriculum for the

remainder of the academic year. A key impact on governance was the move to completely remote meetings using Microsoft Teams from the March 2020 meeting onwards and learning walks and other in-College activities had to be stopped. However, through the benefit of pre-existing provision in the Instrument and Articles of Government to allow remote meetings and a clear protocol established for their management, the Corporation has been able to continue to discharge its responsibilities effectively during this difficult time. In addition, the Board re-organised the consideration of its business in order to keep Covid-19 matters at the forefront of business and additional meetings were added into the calendar so that the Board was meeting at least monthly to respond to key developments and take appropriate decisions. From the beginning of the crisis, the Board spent time focussing on the financial impact which would result and considering contingency planning alongside all the considerations of health and safety, arrangements for online learning and the safe re-opening of the buildings when possible.

#### **Appointments to the Corporation and Governor training.**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation is responsible for ensuring that appropriate training is provided as required, including a comprehensive induction. The Chair participated in the ETF national Chair's programme during 2019-20 including a residential element in November 2019.

Members of the Corporation are appointed for a term of office not exceeding 4 years, renewable once to the maximum of 8 years, other than students, whose appointments are of a shorter duration.

#### **Corporation Performance and self-evaluation**

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2020 against the Ofsted criteria and definitions of governance and graded itself as "good" on the Ofsted scale. During the current year the Board adopted a set of criteria against which to measure itself and agreed a governance action plan in order to move to 'outstanding governance'.

#### **Remuneration Committee**

Throughout the year ended 2019/20 the college's remuneration committee comprised three governors. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post holders. The College has adopted the Association of College's Senior Staff Remuneration Code. The Committee makes an annual statement to the Corporation of its work.

Details of remuneration for the year ended 31 July 2020 are set out in the financial statements.

#### **Audit Committee**

The Audit Committee comprises up to four members of the Corporation (who exclude the Accounting Officer and Chair). 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 meets on a termly basis and provides a forum for reporting by the College's internal and financial statement 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 Auditors operate in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The Internal Auditors work is informed by an analysis of the risks to which the College is exposed, and the annual internal audit plans are based on this analysis. They monitor the College's systems of internal control, risk management controls, and governance processes in accordance with the agreed plan and reports their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the 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 the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims, and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Wiltshire College & University Centre for the year ended 31 July 2020 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 College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

The system of internal control is based on a framework of regular management information, 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 and annual financial reports which indicate financial performance against targets, the annual budget being reviewed and agreed by the governing body;
- 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;

The College amended its risk and control framework during Covid-19 lockdown by carefully examining and concentrating on the key risks generated by closure, loss of income, potential loss of staff to illness and the additional requirements in keeping students and staff safe. The Board in considering the risk register gave prime consideration to these risks at this time.

### **Risks faced by the corporation**

The Corporation carefully considers its key operational, financial, compliance and other risks in drawing up its risk register. An assurance framework has also been devised, which covers all aspects of the college's activities, in order to provide a mechanism to consider the processes and mitigations in place to review and evaluate risk. The principal risks identified by the College in the 2019/20 year were:

- Shortfall in income
- Inability of the College to function normally in the short term
- Risk to the LEP projects
- Long term risk of College's ability to function normally

These were all the principal risks as generated when the consequences of Covid-19 were identified and were pre-eminent this year. A risk register of these exceptional circumstances risks and associated mitigating actions was created and was the subject of regular updating and reporting to the Board.

### **Control weaknesses identified**

It has been considered that no significant control significant internal control weaknesses or failures have arisen during the year.

### **Responsibilities under funding agreements**

The College has had its obligations and responsibilities in relation to ESFA contracts for 16-19 year olds and Adults assured through the following mechanisms. Sub-contracting procurement is agreed by the governing body and has a published policy on sub contracting. Contracts issued by ESFA for 16 – 19 and adult have been reviewed by governing body. Internal controls are designed to ensure compliance with contractual responsibilities. This includes commissioned external funding compliance audits.

### **Statement from the audit committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- Consideration of the Assurance Framework and determination of the scope of audits for the year in question
- Appointment process for new Financial Statements Auditors and approval of the selected firm's audit plan for the Financial Statements Audit of the 2019/20 year
- Reviews of Risk
- Health and Safety update reviews and reports
- Consideration of Internal Audit reviews on apprentice income; expenses claim system and debtors and income collection arrangements

- Review of progress in implementing Audit recommendations

### Review of effectiveness

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

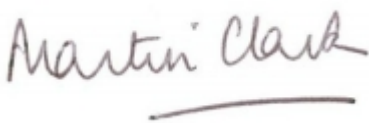
- The work of the internal auditors
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- Comments made by the College's financial statements auditors, and the regularity auditors, in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

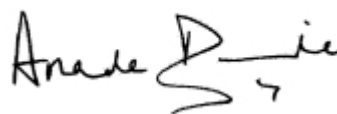
The Senior Leadership Group receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Group and Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Group and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its January 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Senior Leadership Group and internal audit, and taking account of events since 31 July 2020.

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

Approved by order of the members of the Corporation on the 28<sup>th</sup> January 2021 and signed on its behalf by:



Martin Clark  
Chair



Amanda Burnside  
Accounting Officer

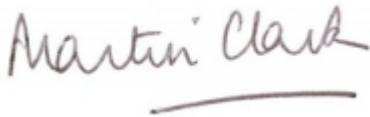


## **Statement of Regularity, Propriety and Compliance**

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 grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation that after due enquiry, and to the best of our knowledge, we are not able to identify any material irregular or improper use of funds by the Corporation, nor material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contracts with the ESFA or any other public funder.

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



Martin Clark  
*Chair*

28<sup>th</sup> January 2021



Amanda Burnside  
*Accounting Officer*

28<sup>th</sup> January 2021

## **Statement of the responsibilities of the members of the Corporation**

The members of the Corporation of the College 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 EFSA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education*, ESFA's *College Accounts Direction* and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the College and 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 UK 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 College will continue in operation.

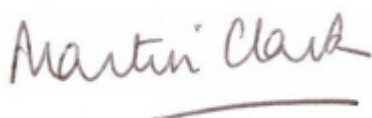
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the funding agencies are used only in accordance with the EFSA's grant funding agreements and contracts and any other conditions may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient, and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 28<sup>th</sup> January 2021 and signed on its behalf by:



Martin Clark  
*Chair*

## **Independent auditors' report to the Corporation of Wiltshire College & University Centre**

### **Opinion**

We have audited the financial statements of Wiltshire College and University Centre (the 'corporation') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice: Accounting for Further and Higher Education (the 'FE HE SORP') and the College Accounts Direction for 2019 to 2020.

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 31 July 2020 and of the corporation's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the FE HE SORP, College Accounts Direction 2019 to 2020 and the Office for Students' Accounts Direction.

### **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 corporation 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.

### **Material uncertainty related to going concern**

We draw attention to the going concern accounting policy in note 1 of the financial statements, which refers to the significant challenges and uncertainties facing the corporation as a result of Covid-19. The corporation is reliant on securing additional funding from the ESFA to continue to meet its liabilities as they fall due. The ESFA has indicated that a funding package will be made available, but the arrangements have still to be finalised. As part of the agreement the corporation are refinancing some external debt and replacing it with funding from the local authority to release security for further ESFA support, this process is also still being finalised. As stated in note 1, the significant challenges and uncertainties caused by this indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the Members' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the corporation, or returns adequate for our audit have not been received from branches not visited by us; or
- the corporation's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion:

- Funds from whatever source administered by the corporation for the specific purposes have been applied to those purposes and managed in accordance with relevant legislation; and
- Funds provided by the Office for Students and Research England have been applied in accordance with the relevant terms and conditions and any other terms and conditions attached to them.

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

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

#### **Responsibilities of corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, the corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation, for our audit work, for this report, or for the opinions we have formed.

*Bishop Fleming LLP*

**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
Bristol  
Date: 29<sup>th</sup> January 2021

## **Reporting accountant's assurance report on regularity to the Corporation of Wiltshire College and University Centre ("The College") and Secretary of State for Education acting through the Department for Education ("the Department")**

In accordance with the terms of our engagement letter dated 4 August 2020 and further to the requirements of funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The College during the period 1<sup>st</sup> August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

### **Respective responsibilities of The College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1<sup>st</sup> August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Reporting accountant's assurance report on regularity (continued)**

#### **Approach**

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

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

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

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the College's activities;
- Evaluation and validation of the processes and controls in place to ensure regularity and propriety for the use of public funds, including the consideration of the College's self-assessment questionnaire (SAQ);
- Sample testing of income and expenditure to ensure that funds have been applied for the purposes that they were awarded, focused on areas assessed as high risk.

### **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<sup>st</sup> August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Bishop Fleming LLP*

### **Bishop Fleming LLP**

Chartered Accountants  
Statutory Auditors  
10 Temple Back  
Bristol  
BS1 6FL  
Date: 29<sup>th</sup> January 2021

## Statement of Comprehensive Income and Expenditure

*For the year ended 31 July 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>Income</b>			
Funding body grants	2	27,831	26,630
Tuition fees and education contracts	3	3,443	4,040
Other grants and contracts	4	852	364
Other income	5	4,123	4,604
Investment income	6	14	5
<b>Total income</b>		<b>36,263</b>	<b>35,643</b>
<b>Expenditure</b>			
Staff costs	7	25,527	23,248
Other operating expenses	8	10,636	10,328
Fundamental restructuring costs	7	48	489
Depreciation	11	2,992	3,074
Interest and other finance costs	9	872	838
<b>Total expenditure</b>		<b>40,075</b>	<b>37,977</b>
<b>Deficit before other gains and losses</b>		<b>(3,812)</b>	<b>(2,334)</b>
Share of operating surplus in joint venture		13	13
(Loss)/gain on disposal of assets	8	(38)	648
<b>Deficit before tax</b>		<b>(3,837)</b>	<b>(1,673)</b>
Taxation	10	-	-
<b>Deficit for the year</b>		<b>(3,837)</b>	<b>(1,673)</b>
Actuarial loss in respect of pension scheme		(9,146)	(6,616)
<b>Total comprehensive expense for the year</b>		<b>(12,983)</b>	<b>(8,289)</b>



## Statement of Changes in Reserves

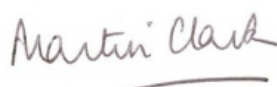
*For the year ended 31 July 2020*

College	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Balance at 1 August 2018</b>	<b>(3,558)</b>	<b>6,929</b>	<b>3,371</b>
Deficit from the income and expenditure account	(1,673)	-	(1,673)
Actuarial loss in respect of pensions scheme	(6,616)	-	(6,616)
Transfers between revaluation and income and expenditure reserves	153	(153)	-
<b>Total comprehensive income for the year</b>	<b>(8,136)</b>	<b>(153)</b>	<b>(8,289)</b>
<b>Balance at 31 July 2019</b>	<b>(11,694)</b>	<b>6,776</b>	<b>(4,918)</b>
Deficit from the income and expenditure account	(3,837)	-	(3,766)
Actuarial loss in respect of pension scheme	(9,146)	-	(9,146)
Transfers between revaluation and income and expenditure reserves	153	(153)	-
<b>Total comprehensive income for the year</b>	<b>(12,830)</b>	<b>(153)</b>	<b>(12,912)</b>
<b>Balance at 31 July 2020</b>	<b>(24,524)</b>	<b>6,623</b>	<b>(17,830)</b>

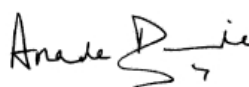
## Balance Sheet as at 31 July 2020

		2020	2019
	<i>Note</i>	£'000	£'000
<b>Non-Current assets</b>			
Tangible fixed assets	11	64,043	56,682
Biological assets	12	392	309
Investments	13	396	384
		<hr/>	<hr/>
		64,831	57,375
<b>Current assets</b>			
Stock	14	648	729
Trade and other receivables	15	2,243	2,805
Cash and cash equivalents		7,089	927
		<hr/>	<hr/>
		9,980	4,461
<b>Creditors: amounts falling due within one year</b>	16	<b>(6,283)</b>	<b>(4,219)</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>3,697</b>	<b>242</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>68,528</b>	<b>57,617</b>
<b>Creditors: Amounts falling due after more than one year</b>	17	<b>(53,187)</b>	<b>(40,241)</b>
<b>Provisions</b>	19	<b>(667)</b>	<b>(755)</b>
		<hr/>	<hr/>
<b>Net assets excluding pension liability</b>		<b>14,674</b>	<b>16,621</b>
Net pension liability	21	(32,575)	(21,539)
		<hr/>	<hr/>
<b>Total net assets including pension liability</b>		<b>(17,901)</b>	<b>(4,918)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Unrestricted reserves</b>			
Revaluation reserve	20	6,623	6,776
Income and expenditure account		(24,524)	(11,694)
		<hr/>	<hr/>
<b>Total reserves</b>		<b>(17,901)</b>	<b>(4,918)</b>
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 29 to 54 were approved and authorised for issue by the Corporation on 28<sup>th</sup> January 2021 and were signed on its behalf on that date by:



**Martin Clark**  
*Chair*



**Amanda Burnside**  
*Accounting Officer*

## Statement of Cash Flows

for the year ended 31 July 2020

	2020	2019
Note	£'000	£'000
<b>Cash flow from operating activities</b>		
Deficit for the year	<b>(3,837)</b>	(1,673)
<b>Adjustment for non-cash items</b>		
Depreciation	11 <b>2,992</b>	3,074
Deferred capital grants released to income	2 <b>(936)</b>	(995)
(Increase)/decrease in biological assets	<b>(83)</b>	325
Increase/(decrease) in stocks	<b>81</b>	(291)
Decrease/(increase) in debtors	<b>563</b>	(298)
Increase/(decrease) in creditors due within one year	<b>1,867</b>	(980)
Decrease in provisions	<b>(88)</b>	(67)
Pension costs less contributions payable	7 <b>1,422</b>	982
Share of operating surplus in joint venture	<b>(13)</b>	(13)
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		
Investment income	6 <b>(14)</b>	(5)
Interest payable	9 <b>872</b>	838
Loss/(profit) on sale of fixed assets	8 <b>38</b>	(648)
<b>Net cash flow from operating activities</b>	<b>2,864</b>	249
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	<b>5</b>	604
Deferred capital grants received	<b>11,933</b>	6,392
Payments made to acquire fixed assets	<b>(9,992)</b>	(5,697)
<b>Net cash flow from investing activities</b>	<b>1,946</b>	1,299
<b>Cash flows from financing activities</b>		
Interest paid	<b>(179)</b>	(178)
Interest element of finance lease rental payments	<b>(226)</b>	(266)
New secured loan	<b>2,435</b>	-
Repayments of amounts borrowed	<b>(462)</b>	(609)
Interest received	<b>14</b>	5
Capital element of finance lease rental payments	<b>(230)</b>	(141)
<b>Net cash flow from financing activities</b>	<b>1,352</b>	(1,189)
<b>Increase in cash and cash equivalents in the year</b>	<b>6,162</b>	359
Cash and cash equivalents at the beginning of the year	<b>927</b>	568
Cash and cash equivalents at end of the year	<b>7,089</b>	927
<b>Increase in cash and cash equivalents in the year</b>	<b>6,162</b>	359

## 1. Notes to the Accounts

### **Statement of accounting policies and estimation techniques**

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

#### ***Basis of preparation***

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

#### ***Basis of accounting***

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### ***Basis of consolidation***

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

#### ***Going concern***

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

In 2019/20 Covid-19 had an adverse impact on operating financial performance and the pandemic creates significant uncertainty in forecasting future financial performance. The College has necessarily made assumptions in forecasting performance for the forthcoming 12 months and has sought to be prudent in making these judgements. Downside risk is a possibility but based on its financing arrangements, the College considers that the cashflow forecast for the next 12 months has capacity to absorb the realisation of reasonable risks.

The College is taking out new debt with Wiltshire Council to replace existing debt held with Lloyds bank, in addition to funding support being provided by the Department for Education (DfE). Future cashflow is dependent on these financing activities being completed. The Board of Governors believe that these arrangements mean that the College and Group are able to continue as a going concern.

However, the legal agreements with both Wiltshire Council and the DfE, upon whose successful completion the College's ability to continue as a going concern depends, are not signed at the date of approval of these financial statements. Both the Council and DfE have completed their own internal approval of the lending and the legal documents are at an advanced stage of review. They are expected to be signed by March 2021. These conditions indicate the existence of a material uncertainty which may cast doubt on the College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the College and Group were unable to continue as a going concern.

#### ***Recognition of income***

##### **Revenue grant funding**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income

and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

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 College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### Capital grant funding

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

#### Fee income

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

#### Apprenticeship Income

Apprenticeship income is recognised as it is earned by apprentices on programme as per reports provided by the government funding portal, income coming from levy and non levy funds.

#### Investment income

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

#### **Non-Current Assets - Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2019 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. 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 income and expenditure account 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 not 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 value of any fixed asset(s) 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.

#### Subsequent expenditure on existing fixed assets

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

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

#### 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.

#### Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Motor vehicles	-	4 years
Computer equipment	-	4 years
Furniture and fittings	-	10 years
Plant & Equipment	-	10 years
Technological Equipment	-	4 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

#### **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 finance leases.

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

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

#### **Investments**

##### Investments in joint ventures

The College accounts for its share of the joint venture at fair value.

##### Other investments

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

##### **Stock**

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

### **Biological Assets**

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the College. Agricultural produce is the harvested product of a biological asset. The College's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell.

All stock (including biological assets) is counted and valued once a year by an independent qualified valuer (Fellow of the Association of Agricultural Valuers - FAAV). Changes in fair value less costs to sell are recognised in the statement of comprehensive income / (expenditure). The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included on the balance sheet.

The College's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops and are livestock which will be slaughtered within 12 months are treated as current assets within stock.

### **Foreign currency translation**

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

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### **Agency arrangements**

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the main funding body and subsequent disbursements to students are excluded from the Income and Expenditure account except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. Customer Services Managers on each of the four main campuses administer the Learner Support Fund applications and payments.

### **Accounting for post-employment benefits**

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

#### Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### **Local Government Pension Scheme (LGPS)**

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

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

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

#### ***Short term Employment benefits***

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

#### ***Enhanced Pensions***

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

#### ***Cash and Cash Equivalents***

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

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

#### ***Financial liabilities and equity***

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

#### ***Provisions and contingent liabilities***

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.



A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

***Judgements in applying accounting policies and key sources of estimation uncertainty***

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

***Other key sources of estimation uncertainty***

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability.

## 2. Funding body grants

	2020 £'000	2019 £'000
<b>Recurrent grants</b>		
Education & Skills Funding Agency – Adult	8,440	8,260
Education & Skills Funding Agency- 16-18	17,221	17,128
Education & Skills Funding Agency - Other	1,030	-
Office for Students (OFS)	204	247
<b>Specific grants</b>		
Releases of deferred capital grants	936	995
	27,831	26,630
	27,831	26,630

## 3. Tuition fees and education contracts

	2020 £'000	2019 £'000
Tuition fees	2,550	3,207
Education contracts	893	833
	3,443	4,040
	3,443	4,040

## 4. Other grants and contracts

	2020 £'000	2019 £'000
Other grants and contracts	500	364
Covid-19 Job Retention Scheme Furlough Grant	352	-
	852	364
	852	364

The College furloughed 133 staff working across a variety of roles from residential accommodation, examinations, curriculum technicians and business support, under the government's Coronavirus Job Retention Scheme. The funding received of £352k relates to staff costs which are included within the staff costs note below.

**5. Other income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residences	452	561
Other income generating activities	1,778	1,403
Farming Income	1,003	1,118
Miscellaneous income	890	1,522
	4,123	4,604
	4,123	4,604

**6. Investment income**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	14	5
	14	5

**7. Staff costs**

The average number of persons employed by the college (including senior post holders) during the year was:

	<b>2020</b>	<b>2019</b>
	<b>Headcount</b>	<b>Headcount</b>
All staff	842	826

Expressed as full-time equivalents, was as follows:

	<b>2020</b>	<b>2019</b>
	<b>FTE</b>	<b>FTE</b>
Teaching staff	323	325
Non-teaching staff	307	303
	630	628
	630	628

The numbers above do not include estimates of the staff numbers employed through contracting out arrangements

Staff costs for the above persons were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	17,957	17,011
Social security costs	1,371	1,395
Other pension costs, including FRS 102 (s 28) adjustments of £1,422k; (2018/19: £982k)	5,987	4,396
	25,315	22,802
<b>Payroll sub total</b>	<b>25,315</b>	<b>22,802</b>
Contracted out staffing services	212	446
	25,527	23,248
Restructuring costs	48	489
	25,575	23,737

Each of the restructurings and the individual staff packages were approved by the College's Senior Leadership Group. All restructuring costs had been incurred and paid by the year-end.

#### **Emoluments of key management personnel, Accounting Officer and other higher paid staff**

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Group, which in 2019/20 comprises the Principal, Deputy Principal Curriculum and Quality, and Deputy Principal Corporate Resources. The Deputy Principal Corporate Resources left the College and was replaced in April 2020

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
The number of key management personnel including the Accounting Officer was:	4	3
	4	3
	4	3

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:

	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Number of</b>	<b>Number of other</b>	<b>Number of</b>	<b>Number of</b>
	<b>senior post</b>	<b>staff</b>	<b>senior post</b>	<b>other staff</b>
	<b>holders</b>		<b>holders</b>	
£60,001 to £70,000	1	3	-	3
£70,001 to £80,000	-	1	-	1
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	-	-	1	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	-	1	-
£120,001 to £130,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	1	-	1	-

Key management personnel emoluments are made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries - gross of salary sacrificed and waived	<b>343</b>	<b>353</b>
Benefits in kind	<b>4</b>	<b>2</b>
Employers NI	<b>44</b>	<b>45</b>
Pension contributions	<b>77</b>	<b>69</b>
	<b>468</b>	<b>469</b>
	<b>468</b>	<b>469</b>

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 amounts payable to the Accounting Officer (who is also the highest paid senior post holder and principal) of:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	<b>141</b>	<b>141</b>
Benefits in kind	<b>2</b>	<b>1</b>
Employers NI	<b>18</b>	<b>18</b>
Pension contributions	<b>31</b>	<b>29</b>
	<b>192</b>	<b>189</b>
	<b>192</b>	<b>189</b>

The pension contributions in respect of the Accounting Officer and senior post holders are in respect of employer's contributions to the Teachers' Pension Scheme or Local Government Pension Scheme and are paid at the same rate as for other employees.

**Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple**

	<b>2020</b>	<b>2019</b>
Principal's basic salary as a multiple of the median of all staff	<b>5.73</b>	<b>5.45</b>
Principal and CEO's total remuneration as a multiple of the median of all staff	<b>5.91</b>	<b>5.60</b>

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

The Governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The remuneration package of senior post holders, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who justify the remuneration on grounds that salary is benchmarked against data concerning other posts in the sector of similar type, size of college and geographical area. The resulting salary is also compared against a suitable pay multiple for the average salary in the College to ensure that it does not exceed 7. Senior posts are not subject to performance related pay and it is considered appropriate that given the complexity of the College operation, pay should be compared with that awarded in the top quartile of comparator Colleges in order to remain competitive.

## 8. Other operating expenses

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Teaching costs	3,400	3,639
Non-teaching costs	4,176	3,820
Premises costs	3,060	2,869
	10,636	10,328
	10,636	10,328

Other operating expenses include:

Auditors' remuneration		
Financial statements audit: Wiltshire College & University Centre	25	40
Internal audit	39	31
Profit / (loss) on disposal of tangible fixed assets	(38)	648
Land and Buildings – operating leases	226	267
Other – operating leases	-	160
	-	-
	-	-

## 9. Interest and other finance costs

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans and overdrafts:		
Repayable within five years, not by instalments	-	-
Repayable within five years, by instalments	179	179
Repayable wholly or partly in more than five years	-	-
	179	179
	179	179
On finance leases:	225	266
Pension finance costs	468	393
	872	838
	872	838

## 10. Taxation

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

## 11. Tangible Fixed Assets

	Land and Buildings		Equipment	Total
	Freehold Land	Assets in course		
	& Buildings £'000	of construction £'000		
<b><i>Cost or valuation</i></b>				
At 1 August 2019	61,028	5,740	17,865	84,633
Transfers	0	0	0	0
Additions	5,324	3,493	1,569	10,386
Assets held for resale	0	0	0	0
Disposals	0	0	(107)	(106)
<b>At 31 July 2020</b>	<b><u>66,352</u></b>	<b><u>9,233</u></b>	<b><u>19,327</u></b>	<b><u>94,913</u></b>
<b><i>Accumulated depreciation</i></b>				
At 1 August 2019	16,515	0	11,436	27,948
Charge for year	1,328	0	1,587	2,915
Assets held for resale	0	0	0	0
Transfers	0	0	0	0
Accelerated depreciation	77	0	0	77
Disposals	0	0	(69)	(69)
<b>At 31 July 2020</b>	<b><u>17,920</u></b>	<b><u>0</u></b>	<b><u>12,951</u></b>	<b><u>30,871</u></b>
<b><i>Net book value</i></b>				
<b>At 31 July 2020</b>	<b><u>48,432</u></b>	<b><u>9,233</u></b>	<b><u>6,377</u></b>	<b><u>64,043</u></b>
At 1 August 2019	44,513	5,740	6,429	56,682

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost for the four main sites and open market value for alternative use for two of the centres by King Sturge & Co, Grimley JR Ewe, and Chesterton International Property Consultants firms of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

## 12. Biological Assets

Biological assets are living animals or plants held as non-current assets from which economic benefits flow to the College. Agricultural produce is the harvested product of a biological asset. The College's farming operations include dairy cattle which are classified as biological assets. Dairy cattle are stated at fair value less costs to sell.

All stock (including biological assets) is counted and valued once a year by an independent qualified valuer (Fellow of the Association of Agricultural Valuers - FAAV). Changes in fair value less costs to sell are recognised in the statement of comprehensive income / (expenditure). The associated agricultural produce, milk, is stored only for a short time before onward sale and hence the value held is not considered material and is not included on the balance sheet.

The College's operations also include arable farming from which economic benefits are derived. The plants and their harvested crops and are livestock which will be slaughtered within 12 months are treated as current assets within stock.

	2020 £'000	2019 £'000
Biological Assets	392	309
	392	309
<b>Total</b>	392	309

### 13. Investments

	2020 £'000	2019 £'000
Quoted shares	2	2
Investment in Joint Venture Company	394	382
	396	384
<b>Total</b>	396	384

#### Joint Venture

The amounts held in respect of the joint venture comprise the following:

	2020		2019	
	£'000	£'000	£'000	£'000
Share of assets:				
Share of fixed assets	24		18	
Share of current assets	1,345		1,021	
		1,369		1,039
Share of liabilities:				
Due within one year	(975)		(657)	
Due after one year	-		-	
	(975)		(657)	
		394		382

Wiltshire College & University Centre in partnership with the then Somerset College set up a joint venture company in November 2005 called the Wiltshire and Somerset Colleges' Partnership Ltd, to run a contract for the delivery of qualifications to the Royal

Signals and Royal Armoured Corps. Following the merger of Somerset College and Bridgwater College (to become Bridgwater and Taunton College) the JV changed its name to The College's Partnership on 2 April 2016. The JVC is equally owned and makes charitable donations to each College during the year.

The investment is recognised on the balance sheet at fair value, the fair value has been assessed based on 50% of the net assets of the company at the reporting date 2019/20 £394k, (2018/19 £382k).



Investments in associated undertakings are as follows:	<b>£'000</b>
At 1 August 2019	382
Share of associated company profits	12
	-----
<b>At 31 July 2020</b>	<b>394</b>
	=====

**14. Stock**

	2020 £'000	2019 £'000
Farm stock	592	689
Trading stock	56	40
	-----	-----
	<b>648</b>	<b>729</b>
	=====	=====

**15. Trade and other receivables**

	2020 £'000	2019 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	261	347
Other debtors	355	1,262
Prepayments and accrued income	1,627	1,196
	-----	-----
	<b>2,243</b>	<b>2,805</b>
	=====	=====

**16. Creditors: amounts falling due within one year**

	2020 £'000	2019 £'000
Bank loans and overdrafts	467	617
Other loans	244	-
Obligations under finance leases	265	174
Payments received on account	741	89
Trade creditors	1,028	693
Other taxation and social security	823	789
Accruals and deferred income	1,794	935
Deferred Income – Government Capital Grants	922	922
	-----	-----
	<b>6,283</b>	<b>4,219</b>
	=====	=====

**17. Creditors: amounts falling due after more than one year**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Bank loans	<b>5,470</b>	5,783
Obligations under finance leases	<b>3,133</b>	3,064
Deferred income – Government capital grants	<b>42,392</b>	31,394
Other loans	<b>2,192</b>	-
	<hr/>	<hr/>
	<b>53,187</b>	40,241
	<hr/> <hr/>	<hr/> <hr/>

**18. Maturity of debt**

***Bank loans and overdrafts***

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Bank loans and overdrafts are repayable as follows:		
Within one year	<b>711</b>	617
Between one and two years	<b>1,754</b>	1,258
Between three and five years	<b>2,400</b>	2,402
In five years or more	<b>3,508</b>	2,123
	<hr/>	<hr/>
	<b>8,373</b>	6,400
	<hr/> <hr/>	<hr/> <hr/>

<b>Variable loans</b>	<b>Original amount</b>	<b>Rate</b>	<b>Maturity</b>
Loan A - Fixed Annuity	£1,972	Fixed 3.232%	30/09/2025
Loan B - Libor loan	£1,500k	Libor + 1.75%	30/06/2025
Loan C	£5,000k	3 month Libor + 1.50%	27/06/2034
Wiltshire Council Loan	£2,435k	2.72%	28/02/2030

### **Finance leases**

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

	2020 £'000	2019 £'000
In the next year	265	174
Between one and five years	1,216	797
After five years	1,917	2,267
	<hr/>	<hr/>
	3,398	3,238
	<hr/> <hr/>	<hr/> <hr/>

### **19. Provisions**

	<b>2020 £'000</b>
At 1 August 2019	755
Expenditure in the period	(88)
<b>At 31 July 2020</b>	<hr/> <b>667</b> <hr/>

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date.

### **20. Revaluation reserve**

	<b>2020 £'000</b>
At 1 August 2019	6,776
Transfer from revaluation reserve to income and expenditure account in respect of:	
Depreciation on revalued assets	(153)
<b>At 31 July 2020</b>	<hr/> <b>6,623</b> <hr/>

## 21. Pensions and similar obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wiltshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

<b>Total pension cost for the year</b>	<b>2020</b>	2019
	<b>£000</b>	£000
Teachers' Pension Scheme: employer contributions paid	<b>1,641</b>	1,282
Local Government Pension Scheme:		
Employer Contributions paid	<b>2,923</b>	2,133
FRS 102 Section 28 charge	<b>1,422</b>	982
Charge to the Income and Expenditure Account (staff costs)	<b>4,345</b>	3,115
Enhanced pension charge to Income and Expenditure Account (staff costs)	<b>0</b>	0
<b>Total Pension Cost</b>	<b>5,986</b>	4,397

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

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

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,641k (2019: £1,282k)

### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wiltshire Council. The total contributions made for the year ended 31 July 2020 were £2,665k, of which employer's contributions totalled £2,156k and employees' contributions totalled £509k. The agreed contribution rates for future years are 22% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

#### **Principal Actuarial Assumptions**

	<b>2020</b>	2019
Pension increase rate (CPI)	<b>2.2%</b>	2.4%
Rate of increase in salaries	<b>2.6%</b>	2.7%
Discount rate for liabilities	<b>1.4%</b>	2.1%
Commutation of pensions to lump sums	<b>50%</b>	50%

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

	<b>At 31 July 2020</b>	At 31 July 2019
<i>Retiring today</i>		
Males	<b>21.7</b>	21.4
Females	<b>24.0</b>	23.7
<i>Retiring in 20 years</i>		
Males	<b>22.5</b>	22.3
Females	<b>25.5</b>	25.1

The assets and liabilities in the scheme (of which the College's share is estimated at 2%) and the expected rates of return were:

	<b>Value at 31 July 2020</b>	Value at 31 July 2019
	<b>£'000</b>	£'000
Equities	<b>36,576</b>	46,657
Bonds	<b>23,464</b>	9,200
Property	<b>8,281</b>	8,543
Cash	<b>690</b>	1,314
	<hr/>	<hr/>
Total market value of assets	<b>69,012</b>	65,714
Present value of scheme liabilities		
Unfunded	-	-
Funded	<b>101,587</b>	87,253
	<hr/>	<hr/>
(Deficit) in the scheme	<b>(32,575)</b>	(21,539)
	<hr/> <hr/>	<hr/> <hr/>

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

	2020	2019
	£'000	£'000
Employer service cost (net of employee contributions)	3,855	2,970
Past service cost	-	168
	3,855	3,131
	3,855	3,131

**Analysis of pension finance (costs) / income**

	2020	2019
	£'000	£'000
Expected return on pension scheme assets	1,393	1,739
Interest on pension scheme liabilities	(1,861)	(2,132)
	(468)	(393)
	(468)	(393)

**Amount recognised in Other Comprehensive (Expenditure) / Income**

	2020	2019
	£'000	£'000
Actuarial gain on pension scheme assets	936	1,820
Actuarial loss on scheme liabilities	(10,082)	(8,436)
	(9,146)	(6,616)
	(9,146)	(6,616)

**Movement in net defined benefit liability during year**

	2020	2019
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(21,539)	(13,548)
Movement in year:		
Current service charge	(3,855)	(2,970)
Contributions	2,433	2,156
Losses on Curtailments and settlements	-	-
Past service costs	-	(168)
Net interest on assets	(468)	(393)
Actuarial loss	(9,146)	(6,616)
	(32,575)	(21,539)
	(32,575)	(21,539)

## Asset and Liability Reconciliation

	2020 £'000	2019 £'000
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	<b>87,253</b>	75,714
Current service cost	3,855	2,970
Interest cost	1,861	2,132
Employee contributions	540	509
Actuarial loss/(gain)	10,082	8,436
Benefits paid	(2,004)	(2,676)
Past Service cost	-	168
Losses on curtailments and settlements		
<b>Liabilities at end of period</b>	<b>101,587</b>	87,253
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	<b>65,714</b>	62,166
Expected return on assets	1,393	1,739
Actuarial gain	936	1,820
Employer contributions	2,433	2,156
Employee contributions	540	509
Benefits paid	(2,004)	(2,676)
<b>Fair value of plan assets at end of period</b>	<b>69,012</b>	65,714

## 22. Capital commitments

	2020 £'000	2019 £'000
Commitments contracted for at 31 July	7,642	7,579
	7,642	7,579

## 23. Lease Obligations

At 31 July, the College had total commitments under non-cancellable operating leases as follows:

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	269	29	269	36
Expiring between one and five years	780	55	780	79
Expiring in over five years	213	-	482	-
	1,262	84	1,531	115

## 24. Contingencies

The College had no contingencies as at 31 July 2020; (2017/18: £ Nil).

## 25. OFS Regulated Income

Note analysing grant and fee income received for courses at level 4 and above as a requirement of the OFS. The OfS only regulates higher education in colleges so as per the recommended approach income relating to courses at Level 4 and above are reported here.

	2020	2019
	£'000	£'000
Grant income from the Office for Students	247	204
Fee Income for taught awards	1,790	1,606
	2,037	1,810

## 26. Access and Participation Expenditure

In 2019/20 the College had an access and participation plan published with the Office for Students (OFS), this was published due to the College having one small cohort of two students where fees were charged above the basic tuition fee cap. Due to the small nature of this cohort, the immaterial level of expenditure and the potential to identify expenditure for individuals due to the size of cohort no detailed breakdown of expenditure is included here. From 2020/21 the College has no students above the basic tuition fee cap and therefore has no requirement for an access and participation plan or for this reporting disclosure.

## 27. Related Party Transactions

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

### *Governors*

The total expenses paid to or on behalf of the Governors during 2019/20 was £1k, (2018/19: £1k). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governors' Meetings and charity events in their official capacity. No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year.

### *The Colleges Partnership*

Sum total of educational support payments and payments from for the provision of operational services (Human Resources and Finance) from The Colleges Partnership to Wiltshire College and university Centre totalled £861k (2018/19; £544k)



**28. Amounts Disbursed as Agent**

<b>Learner support funds</b>	<b>2020</b>	2019
	<b>£'000</b>	£'000
Funding body grants		
Hardship Support	<b>625</b>	612
Childcare	<b>42</b>	75
Residential bursaries	<b>82</b>	146
Other	<b>81</b>	61
	<hr/> <b>830</b> <hr/>	<hr/> 894 <hr/>

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