

City of Bristol College

Members' report and financial statements

For the year ended 31 July 2021

Professional advisers

| | |
|-------------------------------|--------------------------------------------------------|
| Financial statements auditor: | KPMG LLP 66 Queen Square, Bristol, BS1 4BE |
| Internal auditors: | Bishop Fleming 10 Temple Back Bristol BS1 6FL |
| Bankers: | National Westminster Bank plc |

Members' Report

Operating and Financial Review

During 2020/21 City of Bristol College continued to strengthen its financial performance and sustainability, despite the impacts of the pandemic on the global and regional economy. After a period at the end of 2019/20 when the College had to close its four main centres in line with government guidance and move, very effectively, to a predominantly online delivery model, the summer of 2020 saw a return to on-site learning as students were welcomed back to all College sites. From August 2020 onwards, and taking into account national government guidance which directed colleges to move back online in January and February 2021, City of Bristol has continued to operate under a secure environment to ensure the safety of students and staff whilst at the same time maintaining on-site delivery, supplemented by distance learning where this helps the learner, across all areas.

In conjunction with a return to on-site learning, September 2020 saw strong recruitment of students for all study programmes, with the College exceeding its ESFA allocated numbers for the year; though the full funding benefit from this recruitment will not be felt until 2021/22, recruitment was sufficiently strong to see exceptional year-on-year growth funding granted by ESFA. To some extent this increased funding offset a downturn in income from Apprenticeship activity, with Bristol's employers, when faced with the wider economic impact of the pandemic and in line with the rest of the UK, remaining cautious on their own recruitment of staff.

Alongside the ongoing improvement in the College's financial sustainability, the College's curriculum and quality improvement continued during 2020/21. Following the last full Ofsted inspection in November 2019, a monitoring visit in March 2021 assessed the College as making 'reasonable progress' noting that 'the provider's actions are already having a beneficial impact on learners, and improvements are sustainable and are based on the provider's thorough quality assurance procedures. Positive progress in this area signals that the College gains on target to be judged as 'Good' in the next full Ofsted inspection.

Financial highlights

The College delivered a sector-specific EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) of £3m, which is a significant increase from the £1.7m generated in 2019/20. The EBITDA translates to a group operating deficit before other gains and losses of £2.8m in 2020/21 (2019/20: £3m deficit). £2.3m of this (2019/20 £1.8m) related to the annual FRS102 pension charge which is not a cash cost. The underlying trading position is cash generative showing cash generated from operations of £3.0m (2019/20: £1.96m).

COVID-19 has continued to present a challenging trading environment for core income, including apprenticeships. Income from tuition fees is £681k lower than in 2019/20, income from apprenticeships being £62k lower than in 2019/20. These reductions have been offset by an increase of income from other sources of £1.7m ((T)14.6 (heoo) 0.5).

Operating and Financial Review *(continued)*

Financial Performance 2020/21

In order to compare total operating ~~costs~~ with cash generating ~~trading~~, a table is presented below. This shows the relationship between Total Deficit for the year and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which is not shown separately on the Statement of Comprehensive Income, ~~but is a~~ ~~useful~~ ~~measure~~ ~~of~~ ~~underlying~~ ~~cash~~ ~~based~~ ~~trading~~. Sector specific EBITDA, a measure used by the ESFA in assessing financial health, is also shown below.

| | | 2021 £'000 | 2020 £'000 |
|----------------------------|-----------------------------------------|---------------|---------------|
| Total deficit for the year | | (4,760) | (2,913) |
| Eliminate | Taxation (note 12) | - | - |
| | Gains on sale of assets | (62) | (782) |
| | Depreciation and amortisation (note 14) | 3,318 | 3,426 |
| | Impairment of fixed assets (note 14) | 2,034 | - |
| | Interest (note 11) | 1,634 | 1,670 |
| | EBITDA | <u>2,164</u> | <u>1,401</u> |
| Eliminate | Grant releases | (685) | (739) |
| Add Back: | FRS102 pension charge | <u>1,562</u> | <u>1,034</u> |
| | Sector EBITDA | <u>3,041</u> | <u>1,696</u> |

The grant of £685k represents grant receipts released to income spread over the life of the assets for which the grants were made.

Sector EBITDA has increased significantly from £1.7m in 2019/20 to £3m in 2020/21. The below table shows income, pay and non-pay with the above adjustments removed.

| | 2021 £'000 | 2020 £'000 | Movement £'000 |
|--------|---------------|---------------|-------------------|
| Income | 39,573 | 36,759 | 2,814 |
| Pay | | | |

Operating and Financial Review *(continued)*

The College maintained or in growth areas increased the capacity of its staff base through the pandemic to be in a strong

Operating and Financial Review *(continued)*

The College has a separate treasury management policy in place which sets out the objectives of treasury management to provide a means by which the College can meet its commitments; ensure that sufficient sums are available at short or no notice to meet foreseeable requirements; and earn an acceptable rate of return on surplus funds without undue risk.

Sustainability and Environment

The College has established a sustainability group, which consists of members of the executive team and members of staff. The College is committed to reducing its carbon footprint which strongly aligns with the City of Bristol's status as a green capital. The College already employs the use of PV cells at its four main centres, solar hot water and uses electric vehicles in its fleet. The new Advanced Construction Skills Centre has only 2% of its waste diverted to landfill and recycles waste wood on site.

Cash flows

In the year ended 31 July 2021 net cash outflow was £397k (2019/20 cash outflow £1,254k). The College has generated operating cash inflows of £3m which is in line with its EBITDA.

Capital investment, net of grants received was £79k (19/20 £1,442k) predominantly due to the continued construction of the new Advanced Construction Skills Centre in Hengrove, South Bristol. The College also benefitted from deposits and prepayments on the sale of Davey House of £2m during the year.

Debt and finance repayments totalled £2,860k (2019/20 (£2,561k), which included an additional £391k repaying the College's ESFA loan due to the sale of land in the prior financial year.

The College continues to monitor its cash flow on a regular basis to ensure that commitments are met and that ongoing financial sustainability is maintained.

The College

City of Bristol College is a large further and higher education college situated in the heart of Bristol.

It offers a wide range of academic and vocational qualifications across Bristol, with more than 1,000 courses available from entry to degree level and provides education and training to over 14,000 learners.

Public Benefit

City of Bristol College is an exempt charity under the Part 3 of the Charities Act 2011 and from September 2014, is regulated by the Department of Education as Principal Regulator for all Further Education Corporations in England.

The members of the Governing Body, who are trustees of the charity, are listed on pages 15 to 16.

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.

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

Operating and Financial Review *(continued)*

College Centres

The College operates four main centres in Bristol at; Ashley Down, College Green, Parkway/Advanced Engineering Centre and South Bristol Skills Academy, offering excellent facilities including purpose built, well-equipped classrooms and workshops.

Investment in New Facilities

In February 2021 the College commenced the construction of its Advanced Construction Skills Centre in Hengrove, Bristol which opened for its first intake of students in September 2021. The new facility will greatly enhance the geographical range and breadth of the College's offer in both traditional and civil construction training, with the support of local employers. The £9m project is being supported through £6m of LEP funding with the remainder being funded by the College through asset sales.

The College also invested heavily in its IT equipment during the year with the upgrade of all staff IT equipment which has giving greater flexibility to working patterns and locations which will support the increase in online learning and ensuring that the College facilities are COVID safe.

The College benefitted from a £1.1m condition improvement grant during the year which was spent by 30 September 2021. The grant has been used to improve the condition of the College's estate in a broad variety of areas.

Staff

The college employs a total of 870 staff (as of July 2021). The college year has been dominated by the effects of the coronavirus pandemic and, in line with broad national trends, the staff population saw a markedly lower level of both turnover and sickness absence compared to previous years as a result. Use of the government back to work scheme was used through the national lockdowns to good effect, coupled with student recruitment performance that was in line with or exceeded expectations.

Operating and Financial Review *(continued)*

Regulatory Activity

The College's final Notice of Concern (financial health) was lifted in April 2020 and represents the end point of all regulatory intervention which was formally in place for the organisation.

Strategic plan

During 2020/21 the College issued a Strategic Plan covering the period 2021 to 2023. The Strategic Plan outlined the achievements the College has made during the last planning period (2016 to 2020) as well as highlighting the response to the coronavirus pandemic. Due to significant changes in the internal and external environment the College is developing the plan for 2021/22-2024/25 consulting widely. The plan focuses around four key areas: student achievement, a valued work force, working collaboratively with partners in the City and ensuring long term financial sustainability.

The plan will be aligned to the Risk Register and key performance indicators for close and timely monitoring by the Executive Team, Strategic Leadership Team and Corporation through Committees and Main Board.

Transparency arrangements

The Corporation has adopted the FE Code of Good Governance For English Colleges and assesses that it is fully compliant with the provisions of the Code. The Corporation also has regard to the Corporate Governance Code (2018) and the Charity Governance Code (2018) drawing upon best practice available and regulatory requirements as they relate to the Further Education and Charity sectors.

In 2020/21 the Corporation established two Task & Finish Groups as sub-committees of the Curriculum & Quality Committee.

Board Minutes are published on the website once they have been approved and adopted at the next meeting.

Full minutes of all meetings (except Remuneration Committee Confidential Minutes) are available upon request from the Clerk to the Corporation by email: governance@cityofbristolcollege.ac.uk or by writing to

The Clerk to the Corporation
City of Bristol College
College Green Centre
St Georges Road

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Operating and Financial Review

Operating and Financial Review *(continued)*

The principal risk factors identified in the Accountability Framework during 2020/21 affected the College were failure to:

Improve quality to Ofsted “good” or to meet OFS regulatory standards;

Plan and deliver a relevant curriculum ~~tailored~~ to student and employer needs;

Attract new students or to progress existing students to meet annual recruitment targets

Effectively manage the College’s costs and revenues results in serious financial weakness, financial covenant breach and/or a deterioration of the College’s financial health;

Operating and Financial Review *(continued)*

Disability statement

The College has implemented an Equality Framework which aims to reduce disadvantages, discrimination and inequalities of opportunity, and which promotes diversity in terms of its learners, workforce, the community and partners as well as in the services it delivers. As part of this the College recognises its legal responsibilities under the Equality Act 2010.

The College wants disabled people learning, working and visiting City of Bristol College to be enabled to participate fully by: -

Removing barriers and changing attitudes that prevent disabled people from getting access to employment and services provided by the College and its partners.

Promoting Disability Equality at all levels within the College.

Working together with disabled people, organisations of disabled people and disability access groups to achieve equality of opportunity.

Involving disabled people including our disabled employees and students on employment matters and the services we provide.

Training its own employees, so they are aware of and have the skills to take positive action in removing barriers placed in the way of disabled people by society.

Creating a culture where harassment and discrimination against disabled people is unacceptable and will be stopped should it occur.

Creating a culture where both learners and employees feel able to

Statement of Corporate Governance and Internal Control

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

*Governors appointed up to the signing of the accounts with attendance figures for 2020/21
up to 31 July 2021*

| Name | Date Appointed | Term of Office (years) |
|------|-------------------|------------------------------|
|------|-------------------|------------------------------|

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The South West Apprenticeship Company:

- Andy Forbes from 14 November 2019– 10 September 2021
- Richard Harris from 28 February 2019
- Luke Menzies (Independent Director) from 12 February 2016
- Clare Vertgen (Managing Director) from 11 March 2012
- Joanne Ward from 9 September 2021

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Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search & Governance Committee which comprises of four governors and one member with relevant experience and is responsible for recommending to the Board potential members for the Corporation's consideration.

During 2020/21 the Committee conducted

Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;

Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against recasts;

Setting targets to measure financial and other performance; and

Clearly defined capital investment control guidelines.

The adoption of formal project management disciplines, where

The Principal & Chief Executive and Strategic Leadership Team receive regular reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded across the college and reinforced by risk awareness training. The Principal & Chief Executive, members of the Strategic Leadership Team (as appropriate) and Audit Committee also receive regular reports from the internal auditors, 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 emphasis is on obtaining the relevant degree of assurance and relying on reporting by exception. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended July 2021 by considering documentation from the Strategic Leadership Team and the internal auditors, and taking into account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Principal & Chief Executive, the Corporation is of the opinion that the college has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of the assets".

There have been no significant internal control weaknesses identified during the period to July 2021 to the date of approval of the annual report and financial statements. The Audit Committee considers that there are no other recommendations that are not receiving adequate management attention and that the timescale for the implementation of recommendations is being observed. The College has demonstrated good progress in implementing actions agreed to address internal audit

Statement of Regularity, Propriety and Compliance

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

We confirm on behalf of the corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the corporation, or material ~~compliance~~ 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 noncompliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

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*City of Bristol College
Members' report and financial statements
For the year ended 31 July 2021*

Independent Auditor's Report to the Corporation of City of Bristol College

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of City of Bristol College (the College) for the year ended 31 July 2021 which comprise the Consolidated and College Statements of Comprehensive Income, Consolidated and College Balance Sheets, Consolidated and College Statement of Changes in Reserves, Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2021 and of the Group's and the College's income and expenditure, gains and losses and changes in reserves and the Group's cash flows for the year.

Reading Board and audit committee minutes.

Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from adult funding is subject to clawback and that income is recorded in the wrong period and the risk that College's management may be in a position to make inappropriate accounting entries, risk of bias in accounting estimates and judgements such as assumptions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation of the design and implementation of some of the College's fraud risk management controls

We also performed procedures including:

Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Inspecting cash receipts in the period prior to and following 31 July 2021 to verify income had been recognised in the correct accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Corporation and other management (as required by auditing standards), discussed with the Corporation and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), pensions legislation and specific disclosures required by higher education related legislation, including the Accounts Direction issued by the Office for Students on 25 October 2019, post-16 education and skills legislation and regulation, charities legislation and related legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could

In addition, as with any audit, there remained a higher risk of detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Other information

The Corporation is responsible for the other information, which comprises the Members' Report and the Corporation's Statement of Governance and Internal Control. Our opinion on the financial statements does not cover the other

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

funds from whatever source administered by the Group or the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;

income has been applied in accordance with the articles of government;

funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and

meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

Matters on which we are required to report by exception

We are required by the Accounts Direction to report to you where the results of our audit work indicate that the Group's and the College's grant and fee income, as disclosed in note 7 to the financial statements, has been materially misstated.

We have nothing to report in a 8 1 3 5 6 8 4 e d w o r p

**Reporting Accountant's Report on Regularity to the Corporation of City of Bristol
College and the Secretary of State for Education acting through the Education and
Skills Funding Agency (ESFA)**

Conclusion

Jonathan Brown
For and on behalf of KPMG LLP, Reporting Accountant
66 Queen Square
Bristol BS1 4BE
17 December 2021

Consolidated and College Statements of Comprehensive Income

| | Notes | Year ended 31 July | | Year ended 31 July | |
|--------------------------------------|-------|--------------------|---------|--------------------|---------|
| | | 2021 | 2021 | 2020 | 2020 |
| | | Group | College | Group | College |
| | | £'000 | £'000 | £'000 | £'000 |
| INCOME | | | | | |
| Funding body grants | 2 | 29,013 | 29,013 | 27,178 | 27,178 |
| Tuition fees and education contracts | 3 | 8,893 | 8,837 | 7,576 | 7,561 |
| Other grants and contracts | 4 | 1,103 | 1,077 | 1,147 | 1,086 |
| Other income | 5 | 1,248 | 561 | 1,592 | 841 |

Consolidated and College Statement of Changes in Reserves

| Group | Income and Expenditure account £'000 | Revaluation reserve £'000 | Total £'000 |
|-------------------------------------------------|-----------------------------------------------|---------------------------------|----------------|
| Balance at 1 August 2019 | (8,789) | 3,360 | (5,429) |
| Deficit from the income and expenditure account | (2,913) | - x | |

Consolidated and College Balance sheet

| | Notes | Group 2021 £'000 | College 2021 £'000 | Group 2020 £'000 | College 2020 £'000 |
|-------------------------|-------|------------------------|--------------------------|------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 14 | 69,434 | 69,409 | 67,993 | 67,971 |
| Intangible fixed Assets | 15 | 40 | 40 | 42 | 42 |
| Investments | | - | 3 | - | 3 |
| | | <u>69,474</u> | <u>69,452</u> | <u>68,035</u> | <u>68,016</u> |
| Current assets | | | | | |
| Stocks | | 53 | 53 | 85 | |

1 Statement of accounting policies (*continued*)

Recognition of income

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

1 Statement of accounting policies (*continued*)

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 2021. They are not depreciated until they are available for 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. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Equipment inherited from the Local Education Authority has been fully depreciated. All other equipment is capitalised at cost. Capitalised equipment is depreciated on a straight line basis over its useful life. Depreciation is charged to the income and expenditure account.

1 Statement of accounting policies (*continued*)

1 Statement of accounting policies (*continued*)

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.

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. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Cash

Cash for the purposes of the cash flow statement comprises cash in hand and deposits

1 Statement of accounting policies (continued)

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

3 Tuition fees and education contracts

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------|--------------------|---------|--------------------|---------|
| | 2021 | 2021 | 2020 | 2020 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Tuition Fees and charges | | | | |
| UK higher education students | 2,107 | 2,107 | 2,238 | 2,238 |
| EU and UK | 2,258 | 2,202 | 2,808 | 2,793 |
| Non-EU students | - | - | - | - |
| | 4,365 | 4,309 | 5,046 | 5,031 |
| Education contracts | | | | |
| Local education authority | 4,528 | 4,528 | 2,530 | 2,530 |
| Other income | - | - | - | - |
| | 4,528 | 4,528 | 2,530 | 2,530 |

6 Investment income

| | Year ended 31 July | | Year ended 31 July | |
|--------------------------|--------------------|---------|--------------------|---------|
| | 2021 | 2021 | 2020 | 2020 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Bank interest receivable | 1 | 1 | 5 | 5 |

7 Sources of Grant and Fee Income

9 Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

Key management personnel compensation is made up as follows:

Compensation for loss of office paid to former key management personnel

| | Year ended 31 July | |
|------------------------------------------------------------------------------|--------------------|-------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Compensation paid to former key management personnel | - | 7 |
| Estimated value of other benefits, including provisions for pension benefits | - | - |
| | - | 7 |
| | - | 7 |

In the prior year the severance payment was approved by the College Remuneration Committee. The payment relates to one individual.

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

10 Other operating expenses

| | Year ended 31 July | | Year ended 31 July | |
|----------------------------------------------|--------------------|---------|--------------------|---------|
| | 2021 | 2021 | 2020 | 2020 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Teaching departments | 2,637 | 2,482 | 2,712 | 2,701 |
| Teaching support services | 1,341 | 1,341 | 1,239 | 1,239 |
| Other support services | 128 | 128 | 33 | 33 |
| Administration and central services | 1,002 | 1,045 | 758 | 752 |
| General education (Examinations and marketir | 1,205 | 1,203 | 969 | 969 |
| Premises costs – running costs | 1,815 | 1,815 | 1,604 | 1,604 |
| Premises costs – maintenance | 635 | 635 | 766 | 766 |
| Premises costs – rents and leases | 101 | 93 | 309 | 305 |
| CDC Grant spend | 410 | 410 | - | - |
| Catering and residence operations | 345 | 345 | 73 | 73 |
| Franchised provision | 2,115 | 3,128 | 2,231 | 2,289 |
| Other expenses | 14 | 38 | 41 | 40 |
| | 11,748 | 12,663 | 10,735 | 10,771 |
| | 11,748 | 12,663 | 10,735 | 10,771 |

Other operating expenses include:

| | | | | |
|--------------------------------------------|-----|-----|-----|-----|
| Operating leases (buildings and equipment) | 218 | 215 | 320 | 312 |
| Auditors remuneration | | | | |
| Financial statements audit | 53 | 44 | 39 | 35 |
| Other services | 1 | 1 | - | - |
| Total auditors remuneration | 54 | 45 | 39 | 35 |
| | 54 | 45 | 39 | 35 |

15 Intangible fixed assets

| Group and College | Software Licenses £'000 | Total £'000 |
|--------------------------|-------------------------------|----------------|
| Cost or valuation | | |
| At 1 August 2020 | 409 | 409 |
| Additions | - | - |
| Transfer | - | - |
| Disposals | (36) | (36) |
| At 31 July 2021 | <u>373</u> | <u>373</u> |
| Accumulated depreciation | | |
| At 1 August 2020 | 367 | 367 |

18 Creditors: amounts falling due within one year

| | Year ended 31 July | | Year ended 31 July | |
|------------------------------------|--------------------|---------|--------------------|---------|
| | 2021 | 2021 | 2020 | 2020 |
| | Group | College | Group | College |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans and overdrafts | 680 | 680 | 10,030 | 10,030 |
| Obligations under finance leases | 214 | 214 | 74 | 74 |
| Payments received on account | 87 | 66 | 27 | 13 |
| Trade creditors | 1,356 | 1,330 | 464 | 464 |
| Amounts owed to group undertakings | - | 527 | - | - |
| Corporation tax | - | - | - | - |
| Other taxation and social security | - | - | - | - |

20 Maturity of debt

a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows

| Year ended 31 July | | Year ended 31 July | |
|--------------------|------|--------------------|------|
| 2021 | 2021 | 2020 | 2020 |

21 Provisions

| | Defined benefit obligations | Other Pension obligations | Total |
|-------------------|-----------------------------------|---------------------------------|-------|
| Group and College | | | |

Teachers' Pension Scheme

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

Local Government Pension Scheme (Continued)

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

| At 31 July 2021 | At 31 July 2020 |
|--------------------|--------------------|
|--------------------|--------------------|

Local Government Pension Scheme (Continued)

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

| | 2021 | 2020 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Amounts included in staff costs | | |
| Current service cost | 2,989 | 2,516 |
| Past service cost | - | 140 |
| Curtailments | - | 62 |
| Total | <u>2,989</u> | <u>2,718</u> |

Amounts included in investment income

| | 2021 | 2020 |
|----------------------|--------------|--------------|
| | £'000 | £'000 |
| Net interest expense | <u>(788)</u> | <u>(813)</u> |
| | <u>(788)</u> | <u>(813)</u> |

Amounts recognised in Other Comprehensive Income

| | 2021 | 2020 |
|--|------|------|
|--|------|------|

Local Government Pension Scheme (Continued)

Asset and Liability Reconciliation

| | 2021 | 2020 |
|-------------------------------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Changes in the present value of defined benefit obligations | | |
| Defined benefit obligations at start of period | 118,546 | 109,202 |
| Current Service cost | 2,989 | 2,516 |
| Past Service cost | - | 140 |
| Interest cost | 1,880 | 2,380 |
| Contributions by Scheme participants | 441 | 415 |
| Experience gains and losses on defined benefit obligations | (2,502) | (1,795) |
| Changes in financial assumptions | 6,551 | 7,965 |
| Benefits paid | (2,483) | (2,339) |
| Curtailments and settlements | - | 62 |
| | <u>125,422</u> | <u>118,546</u> |

Reconciliation of Assets

| | | |
|----------------------------------------------|---------------|---------------|
| Fair value of plan assets at start of period | 68,506 | 71,340 |
| Interest on plan assets | 1,092 | 1,567 |
| Return on plan assets | 9,274 | (4,161) |
| Administrative expenses | (43) | (41) |
| Employer contributions | 1,470 | 1,725 |
| Contributions by Scheme participants | 441 | 415 |
| Benefits paid | (2,483) | (2,339) |
| Assets at end of period | <u>78,257</u> | <u>68,506</u> |

The above shows past service cost of £Nil (2020: £0,000) in respect of the McCCloud judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted discrimination. This provision is just over 0.4% of the total scheme liability as at 31 July 2020. The calculation of public diseme

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27 Related party transactions

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

Exemption has been taken from disclosing transactions with wholly owned subsidiaries

The total expenses paid to or on behalf of the Governors during the year were Nil; (2020 £447; expenses were claimed by 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020 None).

28 Amounts disbursed as agent

| Learner support funds | 2021 £'000 | 2020 £'000 |
|-----------------------|---------------|---------------|
| Funding body grants | 834 | 1,038 |