

SECURING OUR FUTURE

Report and Financial Statements for the year ended 31 July 2020



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Key Management Personnel, Board of Governors and Professional advisers

Corporation

P Averis
 D Biggs (staff)
 C Bosworth
 R Clarkson-Boyce (student)
 J Dhillon
 C Flood
 J Hughes (staff)
 K Mahmood (student)
 A McGowan (staff)
 S Pedley-Smith
 A Pinnegar (Chair)
 A Scales
 J Sembi (staff)
 J Sharma (Accounting Officer)
 G Ward
 D Wheeler
 C White (student)
 A Woods

Clerk/Company Secretary

Alison Buick

Executive team

Jatinder Sharma	Principal and CEO; Accounting Officer
James Norris	Assistant Principal – Commercial Development
Richard Brenan	Assistant Principal – Curriculum
Jayne Holt	Assistant Principal – Workforce Development & Learner Services
David Turner	Assistant Principal – Quality & HE
Matthew Brown	Director of Finance & MIS
Deb Rajania	Director of Operations & Resources

Principal and Registered Office Wisemore Campus, Walsall WS2 8EQ

Professional advisors

Financial statements and reporting accountants:

KPMG LLP, One Snowhill, Snow Hill
Queensway, Birmingham, B4 6GH.

Internal auditor:

RSM UK, St Philips Point, Temple Row,
Birmingham, B2 5AF

Funding Assurance Provider:

KPMG LLP, One Snowhill, Snow Hill
Queensway, Birmingham, B4 6GH.

Banker:

Barclays Bank plc., PO Box 3333, One
Snowhill, Snow Hill Queensway,
Birmingham, B3 2WN.

Solicitors:

Pinsent Masons, 3 Colmore Circus
Birmingham B4 6BH

Enoch Evans LLP, St Paul's Chambers, 6-9
Hatherton Road, Walsall, WS1 1XS

Eversheds Sutherland (international) LLP,
One Wood Street, London, EC2V 7WS

VAT Advisor:

Davies Mayers Tax Advisors LLP, Pillar
House, 113/115 Bath Road, Cheltenham,
GL53 7LS

Strategic Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for Walsall College for the year ended 31 July 2020.

Legal status

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

The corporation was incorporated as Walsall College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to Walsall College.

Mission, Vision, Strategy and Objectives

Mission

Walsall College's mission statement is as follows:

Walsall College is uniquely and proudly vocational. Our greatest passion is unleashing the potential of individuals, communities and businesses; our greatest legacy is the talent of our students: skilled, professional and enterprising.

Implementation of strategic plan

The College adopted a Strategic Plan for the period 2017 through 2020. The College's continuing strategic objectives are:

- Ambition 1: Outstanding Provision and Services
- Ambition 2: Maximise Staff Potential and Performance
- Ambition 3: Innovate and Transform
- Ambition 4: Energise our Communities and Partners
- Ambition 5: Secure and Transform our Future

This strategic plan is being reviewed and updated for the period 2021-2024, and whilst a work in progress at time of writing the essence of the existing plan will be carried forward into the new.

The College's objectives for 2019/20 included:

- Good financial health, generating operating surplus to reinvest in facilities for the benefit of students and the communities we serve.
- Preparation for the new T-Level curriculums which the College will be delivering from September 2020.
- Continued development of the College's Adult Curriculum offer in line with West Midlands Combined Authority skills strategy.
- Develop and begin a transformative staff development program putting teaching and learning at the heart of the College

Management are pleased with the performance against all of these objectives. However, following an Ofsted inspection in March 2020 the College's overall grade was reduced to Grade 2 Good. The College are committed to return as quickly as possible to Grade 1 Outstanding.

The College was impacted upon by COVID-19 during the year with all commercial activities and face to face teaching and assessment being suspended from late March until Early July 2020 in line with government guidance.

The College has a robust IT infrastructure which supported the quick migration to online and remote learning in a matter of days. Remote learning was successful for the majority of our study program learners, learners with special educational needs and apprenticeships (where their employers remained operational during lock-down). Some study program learners in lower level vocational programs engaged less well with remote learning and some adult learners progressed slower than would have been expected with face to face learning. The College distributed a number of devices (Chromebooks, 4G Internet dongles etc) to learners to support the continuation of learning where the availability of technology was a barrier.

The College maintained a successful community learning offer throughout lockdown providing support to some of the more vulnerable communities and learners which the College serve. Availability and confidence with IT remains an issue with this area of provision and the short nature of courses makes the provision of additional equipment both economically and practically challenging.

The College are satisfied with the measure put in place to mitigate the impacts on learners from the initial nationwide lockdown and the safe working and learning environment that was in place ahead of the July 4th reopening to student.

The amount of time, energy and resources required to reopen the College in a Covid secure manner was significant and continues to be so at the time of writing. However, these efforts have led to both staff and students feeling safe in the College and continuing to engage well in their studies across all provision types.

The College is one of the early adopters of the new T-Level qualifications. The College continued to develop its approach and ready itself throughout the period of lockdown and successfully recruited to these in the late summer 2020, with learning commencing as planned in September 2020.

The College is located within the West Midlands Combined Authority which has devolved authority from government for the Adult Education Budget. The College continues to work closely with the Combined Authority in ensuring alignment of our post 19 curriculum.

Financial Objectives

The College's financial objectives are to remain financially sound and improve financial returns in terms of reserves and liquidity so as to protect itself from unforeseen adverse changes in enrolments and generate sufficient income to enable continued improvements to its accommodation, equipment and the resources made available to learners.

Resources

The college employs 750 people, of whom 399 are teaching staff.

The college enrolled approximately 12,000 students. The college's student population includes approximately 4,000 16-to-18-year-old learners, 1,600 apprentices, 200 higher education students, and 6,000 adult learners.

The college has £17 million (2019: £38 million) of net assets including £40 million pension liability (2019: liability of £19.2 million) and long-term debt of £5.1 million (2019: £5.7 million).

Tangible resources include the main college site, and 3 local campus' held on a Freehold or Long Term Leasehold basis. At the balance sheet date the College has cash balances of £12 million (2019: £9.9 million).

The college has a good reputation locally and nationally. In its last Ofsted inspection in 2020, it was rated Good. The College is a registered provider with the Office for Students.

Stakeholders

The college has many stakeholders including:

- its current, future and past students.
- its staff and their trade unions. The senior management team are named on page 3. The trade unions of which Walsall College staff are members are the University and College Union, National Education Union and Unison.
- the College works with many employers across the region to provide both training for their staff and apprentices and to provide work experience for learners on other programs.

These relationships with employers such as Balfour Beauty are critical to the successful delivery of T-Levels.

- its partner schools and universities, namely Warwickshire University, BCU, University of Worcester and London College of Contemporary Arts.
- The College is a significant provider of Community Learning across Walsall particularly in the Birchalls & Leamore areas of the borough.
- Walsall Council, West Midlands Combined Authority and The Black Country Local Enterprise Partnership

Whilst no individual stakeholder alone is critical to the Colleges achieving its objectives, maintaining open and collaborative relationships with our stakeholders focusing on both the wider public good and economic health of the region is essential for overall success.

Public benefit

Walsall College 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 page 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.

In delivering its mission, the college provides identifiable public benefits through the advancement of education to approximately 12,000 students, including 300 students with high needs. The college provides courses without charge to young people, to those who are unemployed or low waged and adults taking English and maths course along with the new digital entitlement. The college adjusts its courses to meet the needs of local employers and provides training to 1600 apprentices. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background or level of aspiration.

DEVELOPMENT AND PERFORMANCE

Financial Results

The college generated a deficit before other gains and losses of £2,466k (2019: deficit of £1,056k). The decline in performance from the prior year was largely due to an increase in staffing costs relating to the defined benefit pension schemes, both the TPS and LGPS experienced an increase in employer contribution rates along with annual staff increments and a universal pay award of 1.5% paid from February 2020.

COVID-19 had a detrimental impact on:

- Commercial income – partially offset by JRS grant of £148k
- Apprenticeships – depressed starts and breaks in learning – circa £200k
- Exceptional costs - £90k

The College furloughed 46 staff in its commercial areas (Restaurant, Gym, Nursery and Salon) and along with outsourced provision of security, catering and cleaning ensured all staff were paid at 100% of salary.

The increase in the pension scheme liability has resulted in a total comprehensive loss for the year of £21.1m (2019: £2.9m). The extraordinary increase in the liability appears to be a result of the global impact of COVID-19 and its impact on interest rates around the World making Pension liabilities more expensive to fund.

At the balance sheet date the college held net current assets of £6.5m and net assets of £16.9m, which includes a defined benefit pension liability of £40m.

Cash flows and liquidity

At £3.7 million (2019: £4.2 million), net cash inflow from operating activities was reasonably strong. The decrease from the prior year is due to the impact of COVID-19 on operating performance. Accordingly, the College's overall cash and cash equivalents increased by £2.1 million, from £9.9 million at 31 July 2019 to £12 million at 31 July 2020. Covid-19 had limited impact on cash flow in the year.

Developments

The college's annual investment plan involved tangible fixed asset additions during the year amounted to £753,000. This was split between land and buildings refurbishment of £408,000 and equipment purchased of £345,000

Sources of income

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2019/20, the ESFA/Combined Authority provided 76% of the college's total income.

The College's Commercial Activities are relatively minor representing less than 3% of income. Following the Covid-19 pandemic the College has assumed no commercial income for its budget next year and will perform a sustainability review once there is some clarity on when a return to sustained normal trading may be available. Whilst these activities fall under the Commercial description in reality they form a key part of the vibrant College environment for both staff and students and remain in long term plans.

Group companies

The college has two subsidiary companies, Broadway Training Limited and Walsall College Students' Trust Limited. Neither company traded during 2019/20 and Walsall College Students' Trust Ltd was dissolved on 13 October 2020.

FUTURE PROSPECTS

Future developments

The College is reflected very positively in its latest Ofsted Report (March 2020) however remains deeply disappointed that this was a Grade 2 Good rather than the previous Grade 1 Outstanding. The Board, Management and Staff are driven by excellence in teaching and learning and are committed to a swift improvement journey to return to Outstanding at next inspection.

The demographics in the area are for low level growth in 16-18 student numbers over the next few years and despite increasing competition from other Colleges remains confident that student numbers will continue to increase year on year.

The wider skills need for Adult learners and Community learners has only been increased by the pandemic and its impact on jobs, job security and health and wellbeing. The College is working closely with its funders and other stakeholders to have an appropriate offer closely aligned to employer need and to ensure its place in the community continues to deliver a positive impact on engagement, aspiration and progression.

The College transition quickly to on-line learning due to necessity this year but is now taking a more measured and planned approach to developing further its technological capabilities and increase the digital skills of all staff. This will allow for the continuation of online learning where proven successful and appropriate alongside the best practise face to face vocational learning where necessary.

The College is in the late stages of purchasing the National Construction College Midlands from CITB, with a planned completion date of 30th November 2020. This is aligned with the ongoing skills need in the region and the Colleges current construction facilities being near capacity.

Whilst the details of the transaction are commercially confidential the College will purchase the centre as a going concern outright in cash with no material impact on liquidity or reserves.

Financial plan

The Corporation approved a financial plan in July 2020 which sets objectives for the year to July 2021. The college aims to maintain its health rating of 'outstanding' and achieve a small surplus.

The plan includes capital investment of £1million and a modest cash inflow of £0.8 million.

Treasury policies and objectives

The college has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the corporation. The college is not expecting to require or utilise any short term borrowing in its current financial plans.

Reserves

The college has no formal reserves policy, but recognises the importance of reserves in the financial stability of an organisation, and ensures there are adequate reserves to support the College's core activities. The College currently holds £63,000 in restricted reserves in relation to endowment funds and £191,000 in the revaluation reserve with the remaining £16,666,000 in the income and expenditure account (2018/19: £37,758,000). In accordance with the strategic ambition to 'Secure our Future' it is the Corporation's intention to generate annual operating surplus' and associated net positive cash inflow in order to fund re-investment back into the College for the benefit of students, staff and the local community.

PRINCIPAL RISKS AND UNCERTAINTIES

At the time of writing it would be difficult not to start with Covid-19 and the ongoing pandemic. The College financially has been fairly well insulated from the impacts due to its significant reliance on public funding which has generally either been maintained or even increased.

The increasing political focus on the FE sector and upcoming FE White paper lead us to be confident in our main income sources and the continuation of both national and regional government to fund and support the skills agenda. The College does recognise the risk of the pace of change in this area and its need to be more reactive and focused on employment outcomes than with more traditional provision.

The pandemic does represent a further human risk for the College far beyond the mortality and morbidity statistics carried in the national media. The impacts of lock-down and restrictions on daily life are difficult to quantify but are very real for both the Colleges staff and learners. The burden on all staff to adapt to a Covid-19 Safe Work Place and maintain our high aspiration for teaching and learning is significant and probably time limited. The impact on our student health (both physical and mental), economic wellbeing and ability to learn is profound and significant. The College continues to provide support in many forms both academically, pastorally and through its highly experienced safeguarding team.

The risk remains that the level of change and impact on daily life limits the success of learners and the College staffs ability to adapt at the time it needs to most. Management remain conscious of this burden and how we need to utilise. The Colleges resources to support staff and students through this time.

The college has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

A risk register is maintained at the college level which is reviewed termly at each meeting of the Audit Committee and annually by the College 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. This is supported by a Risk Management training programme to raise awareness of risk throughout the college.

The main risk factors affecting the college are outlined below along with the action taken to minimise them. Not all the factors are within the college's control. Other factors besides those listed below may also adversely affect the college.

- Ongoing Impact of the Covid-19 Pandemic on the Colleges delivery of teaching and learning
- Achieving the improvements needed to teaching and learning to re-gain Ofsted Grade 1 "Outstanding"
- To support the Safeguarding and Wellbeing of both our staff and our students
- Our ability to deliver rapid training and skills interventions to support employers and job seekers following the pandemic.

KEY PERFORMANCE INDICATORS

The colleges key performance indicators, targets and results are set out below.

Key performance indicator	Measure/Target	Actual for 2019/20
ESFA Financial Health	230 – Good	240 - Outstanding
Operating surplus/EBITDA as % of income	7.9%	7.5%
Ofsted rating (SAR or Inspection)	Grade 1	Grade 2

Student achievements

Student achievement data is not being published for the 2019/20 year due to the impact of the pandemic on learning and the move to teacher assessed grades for GCSEs. The College is confident that its students' attainment was not adversely affected by the pandemic and results are comparable to previous years.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The College's policy is to pay suppliers on the next purchase ledger run after the debt became due. During the COVID pandemic the college took the action to bring forward payment runs by one week to assist suppliers with their cashflow.

EQUALITY AND DIVERSITY

Equality

The college is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively 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. This policy is resourced, implemented and monitored on a planned basis. The college's Equality Policy is 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 and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The college is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled 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.

Disability statement –

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

We recognise that it covers a broad spectrum of requirements, including:

- Sensory impairment
- Restrictions to mobility
- Mental ill-health
- Long-term debilitating illnesses

Learners with learning difficulties and/or disabilities are well supported and thrive at Walsall College. We are committed to the development of new and better opportunities for disabled people and aim to develop both practice and delivery options to ensure their success. We operate a social disability model, where the College is proactive in removing barriers to participation and success for learners and employees with a learning difficulty or disability. We will assist disabled staff to succeed in their employment at Walsall College.

The College has maintained comprehensive data on the disabilities of learners collected through the enrolment process and has a planned response to their needs. Although opportunities are available for staff to declare disabilities we feel that some may choose not to do so. We will encourage staff to disclose by increasing the opportunities that they have to do so which will enable us to respond more effectively to their needs. We will work to dismantle any barriers to career progression and self-fulfilment for both staff and students.

We will continue to:

- Support staff and students to feel confident to declare any disability or learning difficulty, particularly “hidden” disability issues, such as mental health and developmental disorders through training and awareness raising campaigns.
- Celebrate the success of those students who have overcome disadvantage to succeed in our College.
- Focus support to ensure retention, success and satisfaction remain high for students and staff with disabilities or learning difficulties
- Extend our forum for students with learning difficulties or disabilities to include staff.
- Monitor the impact of our activity in improving the conditions and success of disabled staff and students within the College.
- Where appropriate, enhance learners’ ability to live independently by reducing their dependency on additional learning support.
- Conduct reasonable adjustments for both staff and students where needed.

Support services for learners are widely publicised in student literature, available on the intranet and consolidated during induction. Information is readily available to support learners in raising any concerns concerning their wellbeing or fair treatment.

Trade union facility time

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

Numbers of employees who were trade union officials during the year ended 31 July 2020	6
FTE employee number	6

Percentage of time	Number of employees
1-50%	6

Total cost of facility time	£36,873
Total pay bill	£27,967,000
Percentage of total bill spent on facility time	0.13%

Time spent on paid trade union activities as a percentage of total paid facility time	10%
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Modern Slavery Act 2015

Slavery and human trafficking are abuses of a person's freedoms and rights. The College is totally opposed to such abuses in our engagements with students and other partners, our indirect operations and our supply chain as a whole.

The College operates exclusively within the United Kingdom. Foreign trips do take place from time to time to explore future avenues of business and the majority of Walsall College activity and students are from the Midlands.

The College takes this issue very seriously and has developed a policy which can be viewed in full on the College Web-Site.

GOING CONCERN

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

In preparing these forecasts the Corporation has taken the following matters into account:

- The College receives the majority of its funding from national or regional government and is confident in the security of these income streams;
- The College prepared its 2020/21 budget on the basis of receiving no commercial income and only included other funding income streams that were contractually secure;
- The College generated £2m in cash in 2019/20 and even with the acquisition of the CITB training centre expects to generate cash over the going concern assessment period;
- The College is comfortably within its gearing and free cash flow bank covenants and is projected to remain within these covenants even under the severe but plausible downside scenario; and
- The College's prudent and responsible financial management over many years leaves it in a position of strength and enough liquidity to adapt its operating model in a timely manner to ensure its going concern.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

After making appropriate enquiries, the corporation considers that the college has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.


EVENTS AFTER THE REPORTING PERIOD

Walsall College completed the purchase of CITB's National Construction College Midlands for £1.1m in cash from reserves on 30 November 2020. This will not have a material effect on the College's financial position or viability going forwards.

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 26th November 2020 and signed on its behalf on 18th December 2020 by:

A handwritten signature in black ink, appearing to read 'Allan Pinnegar', with a long horizontal stroke extending to the right.

Allan Pinnegar

Chair

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 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:

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

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code 2018. 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.

The College's External Audit and Internal Audit providers both make recommendations for improvement in key management and internal control processes. Internal audit reviews include periodic reviews of the College's approach to delivering value for money.

The College has processes in place to ensure regularity and propriety in the use of public funding, compliance with funding terms and conditions, and to guard against fraud and bribery. Internal audit reviews include periodic reviews of these processes.

In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020 and up to the date of these financial statements. 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 issued by the Association of Colleges in March 2015, which it formally adopted in July 2015. Whilst not having adopted the UK Corporate Governance Code 2018 the corporation has due regard to its principles and guidance.

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

Members of the corporation

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

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2019/20
J Sharma	09.12.11	Ex Officio		Governor	F&R S&GS	100%
P Averis	05.07.18	3 yrs		Governor	L&Q	100%
C Bosworth	05.07.18	3 yr		Governor	F&R Stu Voice	50%
J Dhillon	10.7.14	3 yrs		Governor	L&Q	83%
C Flood	25.3.11	3 yrs		Governor	L&Q S&GS Rem Stu Voice	100%
J Hughes	13.12.18	3 yrs		Staff Governor	L&Q Stu Voice	83%
Aisling McGowan	17.3.20	3 years		Staff Governor		50%
S Pedley-Smith	22.10.15	3 yrs		Governor	F&R Remuneration	83%
A Pinnegar	25.3.11	3 yrs		Chair	F&R S&GS Remuneration	83%

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2019/20
A Scales	02.02.12	3 years		Governor	Audit S&GS Remuneration	100%
G Ward	19.10.17	3 years		Governor	Audit S&GS	100%
D Wheeler	21.03.19	3 years		Governor	F&R	67%
A Woods	19.5.15	3 years		Governor	F&R L&Q S&GS Remuneration	83%
C White	4.7.19	1 year	19.11.19	Student Governor	Stu Voice L&Q	0%
J Sembhi	15.3.18	3 years	27.9.19	Staff Governor	Audit	N/A
Khuram Mahmood	19.11.19	1 year	2.7.20	Student Governor	Stu Voice	100%
Davinia Biggs	14.1.19	3 years	30.1.20	Staff Governor	N/A	100%
Reece Clarkson-Boyce	14.11.19	1 year	9.6.20	Student Governor	L&Q Stu Voice	33%

Alison Buick acts as Clerk to the Corporation

The governance framework

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 5 times annually.

The corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the corporation. These committees are:

- Audit
- Finance and Resources
- Learning and Quality
- Remuneration
- Search and Governance Standards
- Student Voice

Full minutes of all meetings, except those deemed to be confidential by the corporation, are available on the college's website walsallcollege.ac.uk or from the clerk to the corporation at the college's registered address:

Walsall College
Wisemore Campus
Littleton Street West
Walsall
WS2 8ES

The clerk to the corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

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

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

Throughout the pandemic the corporation were able to hold meetings and uphold their duties although in line with government guidance meetings were held virtually and governor access to College premises was limited.

The college applied the principals of the Procurement Policy Notices to suppliers of cleaning, security, and catering.

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 committee, consisting of six members of the corporation, which is responsible for the selection and nomination of any new member for the corporation's consideration. The corporation is responsible for ensuring that appropriate training is provided as required.

Other than the Principal who is appointed ex office, members of the corporation are appointed for a term of office not exceeding three years.

Corporation performance

The corporation carried out a self-assessment of its own performance for the year ended 31 July 2020 and graded itself as "Good" on the Ofsted scale. External governors have continued to bring a breadth of relevant corporate knowledge and skills, such as financial management, manufacturing and engineering, as well as a very sharp focus on the priorities of employers.

Remuneration Committee

Throughout the year ending 31 July 2020 the college's Remuneration Committee comprised five members of the corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and designated post holders.

The College adopted the AOC's Senior Staff Remuneration Code at the Corporation meeting on 21 March 2019. There is a requirement that the college must publish a readily accessible annual statement based on an annual report to the Governing Body. This annual report was presented to Corporation on 26 November 2020.

Details of remuneration for the year ended 31 July 2020 are set out in note 8 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the corporation (excluding the Accounting Officer and Chair) and one associate governor. 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 at least a termly basis and provides a forum for reporting by the college's internal, financial statement and funding assurance 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 review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to

management and the Audit Committee. Under a separate engagement, the College's financial statements audit firm delivers a programme of funding assurance.

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

The Audit Committee also advises the corporation on the appointment of internal auditors, reporting accountants and financial statements auditors and their remuneration for 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 they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between Walsall College and the funding bodies. They are also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is 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 Walsall College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 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, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

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

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

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:

- Funding Assurance
- Sub-Contractor Controls Assurance
- Budget Setting and Budgetary Control Arrangements
- Staff Utilisation Framework
- Curriculum Development and Management Controls
- HE Provision Arrangements

two audits were deferred due to COVID-19 until the next period

- Student Financial Support
- Commercial Activities Framework

Review of effectiveness

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

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

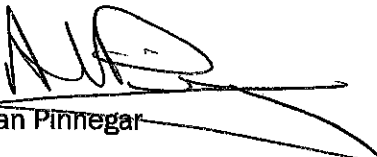
The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.


The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2020 meeting, the corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team 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 26 November 2020 and signed on its behalf on 18th December 2020 by:



Allan Pinnegar
Chair




Jatinder Sharma OBE
Accounting Officer

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

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

We confirm on behalf of the corporation that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the corporation, or 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.



Allan Pinnegar

Chair

18 December 2020



Jatinder Sharma OBE

Accounting Officer

18 December 2020

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the College's Grant Funding Agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2019 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the College Accounts Direction 2019 to 2020 issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

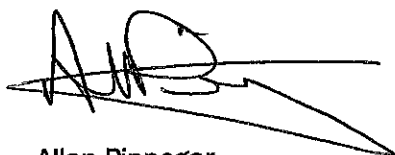
The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Grant Funding Agreements and contracts with the ESFA and any other conditions that may be prescribed from time to time. Members of the

Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the 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 26 November 2020 and signed on its behalf on 18 December 2020 by:

A handwritten signature in black ink, appearing to read 'Allan Pinnegar', with a long horizontal stroke extending to the right.

Allan Pinnegar

Chair

Independent auditor's report to the Corporation of Walsall College

Opinion

We have audited the financial statements of Walsall College ("the College") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, balance sheet, 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 College's affairs as at 31 July 2020, and of the College's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*.
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the OfS Accounts Direction').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Corporation has prepared the financial statements on the going concern basis as it does not intend to liquidate the College or to cease their operations, and as it has concluded that the College's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Corporation's conclusions, we considered the inherent risks to the College's business model, and analysed how those risks might affect the

College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the College will continue in operation.

Other information

The Corporation is responsible for the other information, which comprises the Strategic report, and the Corporation's statement of corporate governance and internal control and Statement of Responsibilities of Members of the Corporation. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Post-16 Audit Code of Practice 2019 to 2020 (July 2020) issued by the Education and Skills Funding Agency we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Corporation's responsibilities

As explained more fully in their statement set out on page 29, the Corporation is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters by the OfS Accounts Direction.

In our opinion, in all material respects:

- funds from whatever source administered by 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 and
- 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.

Matters on which we are required to report by exception

We are required by the OfS Accounts Direction to report to you where the College has an access and participation plan that has been approved by the Office for Students' director of fair access and participation and the results of our audit work indicate that the College's expenditure on access and participation activities for the financial year disclosed in Note 9a has been materially misstated.

We are also required by the OfS Accounts Direction to report to you where the results of our audit work indicate that the College's grant and fee income, as disclosed in note 3a to the financial statements has been materially misstated.

We have nothing to report in these respects.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation for our audit work, for this report, or for the opinions we have formed.



Mark Dawson

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snow Hill, Snow Hill Queensway, Birmingham, B4 6GH

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

In accordance with the terms of our engagement letter dated 19 November 2020 and further to the requirements and conditions of funding in ESFA grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Walsall College during the period 1 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 issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA or devolved authority has other assurance arrangements in place.

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

Respective responsibilities of Walsall College and the reporting accountant

The corporation of Walsall 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 Post-16 Audit Code of Practice. 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 1 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.

Approach

We conducted our engagement in accordance with the Post-16 Audit Code of Practice issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a limited assurance conclusion on regularity consistent with the requirements of the Post-16 Audit Code of Practice.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 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.



Mark Dawson
For and on behalf of KPMG LLP, Reporting Accountant
One Snowhill, Snow Hill Queensway
Birmingham
B4 6GH

23 December 2020

Walsall College

Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2020	Year ended 31 July 2019
		£'000	£'000
INCOME			
Funding body grants	2	32,159	31,484
Tuition fees and education contracts	3	5,101	4,480
Other grants and contracts	4	1,757	819
Other income	5	1,468	3,609
Investment income	6	35	37
Total Income		40,520	40,429
EXPENDITURE			
Staff costs	8	28,402	27,139
Other operating expenses	9	10,999	10,679
Depreciation	12	2,852	2,931
Interest and other finance costs	10	733	736
Total Expenditure		42,986	41,485
Deficit before other gains and losses		(2,466)	(1,056)
Loss on disposal of assets	12	-	-
Deficit before tax		(2,466)	(1,056)
Taxation	11	-	-
Deficit for the year		(2,466)	(1,056)
Actuarial loss in respect of pensions schemes	25	(18,634)	(1,813)
Total Comprehensive Income for the year		(21,100)	(2,869)
Represented by:			
Restricted comprehensive income & expenditure		-	-
Unrestricted comprehensive income & expenditure		(21,100)	(2,869)
		(21,100)	(2,869)

All items of income and expenditure relate to continuing activities.

Walsall College

Statement of Changes in Reserves

	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Endowment £'000	Total £'000
Balance at 1 August 2018	40,620	206	65	40,891
Deficit from the income and expenditure account	(1,056)	-	-	(1,056)
Other comprehensive income	(1,813)	-	(2)	(1,815)
Transfers between revaluation and income and expenditure reserves	7	(7)	-	-
	<u>(2,862)</u>	<u>(7)</u>	<u>(2)</u>	<u>(2,871)</u>
Balance at 31 July 2019	37,758	199	63	38,020
Deficit from the income and expenditure account	(2,466)	-	-	(2,466)
Other comprehensive income	(18,634)	-	-	(18,634)
Transfers between revaluation and income and expenditure reserves	8	(8)	-	-
	<u>(21,092)</u>	<u>(8)</u>	<u>-</u>	<u>(21,100)</u>
Total Comprehensive Income	(21,092)	(8)	-	(21,100)
Balance at 31 July 2020	16,666	191	63	16,920

Walsall College

Balance sheet as at 31 July 2020

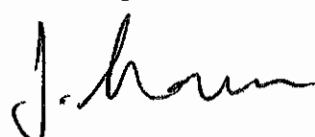
	Notes	2020 £'000	2019 £'000
Non current assets			
Tangible Fixed assets	12	55,784	57,883
		55,784	57,883
Current assets			
Stocks		-	26
Trade and other receivables	14	2,078	3,633
Investments	15	13	13
Cash and cash equivalents	20	12,009	9,917
		14,100	13,589
Creditors – amounts falling due within one year	16	(7,602)	(8,155)
		6,498	5,434
Net current assets			
		62,282	63,317
Total assets less current liabilities			
Creditors – amounts falling due after more than one year	17	(5,157)	(5,696)
Provisions			
Defined benefit obligations	19	(40,017)	(19,260)
Other provisions	19	(188)	(341)
Total net assets		16,920	38,020
Restricted reserves			
Expendable Endowments		63	63
Unrestricted Reserves			
Income and expenditure account		16,666	37,758
Revaluation reserve		191	199
Total unrestricted reserves		16,857	37,957
Total reserves		16,920	38,020

The financial statements on pages 34 to 67 were approved and authorised for issue by the corporation on 26 November 2020 and were signed on its behalf on 18 December 2020 by:

Allan Pinnegar
Chair



Jatinder Sharma OBE
Accounting Officer



Walsall College

Statement of Cash Flows

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Deficit for the year		(2,466)	(1,056)
Adjustment for non-cash items			
Depreciation		2,852	2,931
(Increase)/decrease in stocks		26	(4)
(Increase)/decrease in debtors		1,549	893
Increase/(decrease) in creditors due within one year		(353)	(1,115)
Increase/(decrease) in creditors due after one year		(175)	8
Increase/(decrease) in provisions		(153)	(8)
Pensions costs less contributions payable		1,722	1,887
Adjustment for investing or financing activities			
Investment income		(35)	(37)
Interest payable		733	736
Net cash flow from operating activities		3,700	4,235
Cash flows from investing activities			
Investment income		41	33
Payments made to acquire fixed assets		(867)	(925)
		(826)	(892)
Cash flows from financing activities			
Interest paid		(332)	(352)
Repayments of amounts borrowed		(450)	(438)
		(782)	(790)
Increase / (decrease) in cash and cash equivalents in		2,092	2,553
Cash and cash equivalents at beginning of the year	20	9,917	7,364
Cash and cash equivalents at end of the year	20	12,009	9,917

Walsall College

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 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.

The activities of the college's student union are not included in these financial statements.

Going concern

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

The financial statements have been prepared on a going concern basis which the Corporation considers to be appropriate for the following reasons.

The Corporation has prepared cash flow forecasts for a period of 20 months from the date of approval of these financial statements. After reviewing these forecasts, the Corporation is of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Notes (continued)

1 Statement of accounting policies and estimation techniques (continued)

In preparing these forecasts the Corporation has taken the following matters into account:

- The College receives the majority of its funding from national or regional government and is confident in the security of these income streams;
- The College prepared its 2020/21 budget on the basis of receiving no commercial income and only included other funding income streams that were contractually secure;
- The College generated £2m in cash in 2019/20 and even with the acquisition of the CITB training centre expects to generate cash over the going concern assessment period;
- The College is comfortably within its gearing and free cash flow bank covenants and is projected to remain within these covenants even under the severe but plausible downside scenario; and
- The Colleges prudent and responsible financial management over many years leaves it in a position of strength and enough liquidity to adapt its operating model in a timely manner to ensure its going concern.

Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 measured 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 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 the Office for Students represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Government and other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Notes *(continued)***1 Statement of accounting policies and estimation techniques** *(continued)*

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

Agency arrangements

The college acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

Local Government Pension Scheme (LGPS)

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme

Notes *(continued)***1 Statement of accounting policies and estimation techniques** *(continued)*

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.

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 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

Notes *(continued)***1 Statement of accounting policies and estimation techniques** *(continued)*

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings 50 years
- Refurbishments 10 years

Land is not depreciated.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, certain of which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

Equipment

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

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

- motor vehicles and general equipment 4 years
- computer equipment 2 to 4 years
- furniture, fixtures and fittings 5 to 10 years

Notes (continued)

1 Statement of accounting policies and estimation techniques (continued)

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1 August 2014.

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

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

Investments

Investments in subsidiaries

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

Other investments

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

Notes *(continued)***1** Statement of accounting policies and estimation techniques *(continued)***Stock**

Stock is 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.

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

Foreign currency translation

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

Notes *(continued)***1 Statement of accounting policies and estimation techniques** *(continued)***Taxation**

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1.57 % 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.

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.

Notes (continued)

1 Statement of accounting policies and estimation techniques (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

In determining the valuation of the West Midlands Pension Fund, a number of key assumptions have been made. The key assumptions, which are given below, are

- Discount rate;
- Inflation rate; and
- Life expectancy

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. This asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received, and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

2 Funding Body Grants

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Recurrent Grants		
Education and Skills Funding Agency/Combined Authority – Adult Education	7,206	6,956
Education and Skills Funding Agency – 16-18	20,013	19,515
Education and Skills Funding Agency – Apprenticeship	3,473	4,307
Office for Students	262	346
Specific Grants		
Teacher Pension Scheme contribution grant	523	-
Education and Skills Funding Agency	633	360
Releases of government capital grants	7	-
HE capital grant release	42	-
Total	32,159	31,484

3 Tuition fees and education contracts

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Adult education fees	594	605
Apprenticeship contracts	84	57
Fees for FE loan supported courses	758	787
Fees for HE loan supported courses	3,489	2,770
Total Tuition Fees	4,925	4,219
Education contracts	176	261
Total	5,101	4,480

3a Fees and grant income

As an OfS registered College a single table is required to show grant and fee income. The table below summarises this information, which forms part of the disclosures in notes 2 to 4.

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Grant income from the Office for Students	386	496
Grant income from other bodies	35,522	32,841
Fee income for taught awards	3,553	2,791
Fee income from non-qualifying courses	1,372	1,428
Total	37,833	37,556

4 Other grants and contracts

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Other grant income	601	819
Non-government capital grants	-	1,034
Local Authority High Needs Funding	1,008	959
Coronavirus Job Retention Scheme grant	148	-
Total	1,757	2,812

The College furloughed 46 staff in its commercial areas (Restaurant, Gym, Nursery and Salon) and along with outsourced provision of security, catering and cleaning ensured all staff were paid at 100% of salary. The College received funding of £148k from the government's Coronavirus Job Retention Scheme to support with these costs.

5 Other Income

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Catering & Residences	383	481
Other income generating activities	777	996
Miscellaneous income	308	139
Total	1,468	1,616

6 Investment Income	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Other interest receivable	35	37
Total	35	37

7 Donations

The college did not receive any donations during 2019/20 (2018/19: nil)

8 Staff costs – Group and College

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

	2020 No.	2019 No. (restated)
Teaching staff	399	411
Non-teaching staff	351	323
	750	734

Staff costs for the above persons

	2020 £'000	2019 £'000
Wages and salaries	20,536	19,693
Social security costs	1,902	1,844
Other pension costs	5,442	4,755
Apprenticeship levy	87	85
Payroll sub total	27,967	26,377
Contracted out staffing services	385	526
	28,352	26,903
Restructuring costs – Contractual	50	236
Total Staff costs	28,402	27,139

The corporation does not have any salary sacrifice arrangements in place.

8 Staff costs –(continued)**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the college and are represented by the college Executive Team and Clerk to the Corporation, a list of individual post holders is given on page 3.

Staff costs include compensation paid to key management personnel for loss of office.

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

	2020 No.	2019 No.
The number of key management personnel including the Accounting Officer was:	<u>8</u>	<u>8</u>

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

	Key management personnel		Other staff	
	2020 No.	2019 No.	2020 No.	2019 No.
£40,001 to £45,000 p.a.	1	2	-	-
£45,001 to £50,000 p.a.	-	1	-	-
£55,001 to £60,000 p.a.	-	-	1	1
£70,001 to £75,000 p.a.	1	2	-	1
£75,001 to £80,000 p.a.	4	1	-	-
£80,001 to £85,000 p.a.	1	1	-	-
£160,001 to £165,000 p.a.	1	1	-	-
	<u>8</u>	<u>8</u>	<u>1</u>	<u>2</u>

Including part time workers grossed up to full time equivalent and staff on maternity, paternity or sickness leave at their usual rate of pay, 1 member of key management personnel were paid in the £65,001 to £70,000 banding in 2020 (2019: 1).

8 Staff costs – (continued)

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Basic salary	658	596
Performance related pay and bonus	-	-
Benefits in kind	5	4
Pension contributions	125	93
Total key management personnel compensation	<u>788</u>	<u>693</u>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2020	2019
	£'000	£'000
Basic salary	158	157
Performance related pay and bonus	-	-
Other including benefits in kind	5	4
Pension contributions	27	24
	<u>190</u>	<u>185</u>

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles.

The remuneration package of Key management staff, including the Principal, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal is the College's Chief Executive Officer and as such has overall responsibility for the effective management of the College. The Principal is the accountable officer responsible for effective governance and financial stewardship of the College. The Principal is responsible to and works closely with the Chair of the Corporation in these matters and all other aspects of the work of the governing body. The Chair of the corporation undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance, including financial performance, student numbers, national sector benchmarks and Ofsted grading.

8 Staff costs – (continued)**Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple**

	2020	2019
	£'000	£'000
Principal's basic salary as a multiple of the median of all staff	6.37	6.46
Principal and CEO's total remuneration as a multiple of the median of all staff	6.66	6.95

Compensation for loss of office paid to former key management personnel

	2020	2019
	£	£
Compensation paid to the former post-holder	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-

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

9 Other operating expenses	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Teaching costs	3,302	3,307
Non-teaching costs	5,150	4,622
Premises costs	2,547	2,750
Total	10,999	10,679

Other operating expenses include:	2020	2019
Auditors remuneration:	£'000	£'000
Financial statements audit	35	30
Other services provided by the financial statements auditor	14	12
Internal audit fees	21	20
Other services provided by the internal auditors	6	6
Losses on disposal of non-current assets	-	-
Hire of assets under operating leases	65	60

9a Access and Participation spending	2020
	£'000
Access Investment	61
Financial Support for students	35
Research and evaluation	13
Total	109

The Access and participation spending includes staff costs of £51,667 which are included in the staffing costs note 8.

The College's Access and Participation Plan can be found on the college website www.walsallcollege.ac.uk

10 Interest and other finance costs	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
On bank loans, overdrafts and other loans	332	352
Other interest	-	-
	<hr/> 332	<hr/> 352
Net interest on defined pension liability (note 25)	401	384
Total	<hr/> 733	<hr/> 736

11 Taxation

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

12 Tangible fixed assets

	Land and Buildings	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2019	79,763	11,478	-	91,241
Additions	408	345	-	753
Disposals	-	-	-	-
At 31 July 2020	80,171	11,823	-	91,994
Depreciation				
At 1 August 2019	23,340	10,018	-	33,358
Charge for the year	2,067	785	-	2,852
Disposals	-	-	-	-
At 31 July 2020	25,407	10,803	-	36,210
Net book value at 31 July 2020	54,764	1,020	-	55,784
Net book value at 31 July 2019	56,423	1,460	-	57,883

Land and buildings inherited from the LEA at incorporation were valued in 1994 at depreciated replacement cost by Fraser Wood Mayo and Pinsent a firm of independent Chartered Surveyors.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	Nil

13 Non-current investments	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Investments in subsidiary companies	2	2
Total	2	2

The College owns 100 per cent of the issued ordinary shares £1 shares of Broadway Training Ltd, a company incorporated in England and Wales. The company has not traded during 2019/20 and 2018/19.

14 Debtors	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Amounts falling due within one year:		
Trade receivables	1,268	1,824
Prepayments and accrued income	539	657
Amounts owed by the ESFA	271	1,152
Total	2,078	3,633

15 Current investments	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Endowment investments	13	13
Total	13	13

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

Endowment investments are represented by:	2020 £'000	2019 £'000
Fixed interest stock	7	7
Equities	6	6
	13	13

16 Creditors: amounts falling due within one year	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Bank loans and overdrafts	364	442
Other loan	-	8
Payments received in advance	714	760
Trade payables	303	299
Other taxation and social security	525	685
Short term employment benefits	762	762
Accruals and deferred income	2,690	3,946
Other creditors	1,040	421
Payments received on account - Lennartz	-	173
Deferred income – government capital grants	360	7
Deferred income – government revenue grants	90	-
Amounts owed to the ESFA	754	652
Total	7,602	8,155

17 Creditors: amounts falling due after one year	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
Bank loans	5,151	5,515
Other loan	-	-
Other creditors	6	181
Total	5,157	5,696

18 Maturity of debt

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
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Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

In one year or less	364	442
Between one and two years	240	364
Between two and five years	520	491
In five years or more	4,391	4,660
Total	5,515	5,957

The bank loan from Barclays Bank plc is secured on the Wisemore campus. £7m (£5.4m outstanding) bears a fixed interest of 5.5% (excluding lending margin) and is repayable by instalments over twenty-five years until 2035. The remaining £2m (£0.138m outstanding) is on a fixed interest rate of 3.41% (excluding lending margin) and is repayable by instalments over ten years until February 2021.

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
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Other unsecured loan

In one year or less	-	8
Between one and two years	-	-
Between two and five years	-	-
Total	-	8

This loan was a public benefit entity concessionary loan, which was unsecured, interest free and repaid in January 2020.

19 Provisions	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2019	19,260	180	161	19,601
Expenditure in the period				
Additions in period	20,757	8	(161)	20,604
At 31 July 2020	<u>40,017</u>	<u>188</u>	<u>-</u>	<u>40,205</u>

Defined benefit obligations relate to the liabilities under the college's membership of the Local Government Pension Scheme. Further details are given in note 25.

Other provisions relate to specific projects where there is a potential for clawback of funds. The timeframe for clawback has now passed so these have been released to the Income & Expenditure account.

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.

The principal assumptions for this calculation are:

	2020	2019
Price inflation	2.2%	2.2%
Discount rate	1.3%	2.0%

20 Cash and cash equivalents

	At 1 August 2019	Cash flows	Other changes	At 31 July 2020
	£'000	£'000	£'000	£'000
Cash and cash equivalents	9,917	2,092	-	12,009
Treasury deposits	-	-	-	-
Total	<u>9,917</u>	<u>2,092</u>	<u>-</u>	<u>12,009</u>

21 Capital and other commitments

	2020	2019
	£'000	£'000
Commitments contracted for at 31 July	36	226

22 Lease obligations

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

	2020	2019
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	24	24
Later than one year and not later than five years	60	84
Later than five years	-	-
	<u>84</u>	<u>108</u>
Other		
Not later than one year	69	78
Later than one year and not later than five years	14	70
Later than five years	-	-
	<u>83</u>	<u>148</u>
Total lease payments due	<u>167</u>	<u>256</u>

23 Contingencies

The college had no contingent liabilities as at 31st July 2020. (2019 : nil)

24 Events after the reporting period

Walsall College completed the purchase of CITB's National Construction College Midlands for £1.1m in cash from reserves on 30 November 2020. This will not have a material effect on the Colleges financial position or viability going forwards.

25 Defined benefit 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 West Midlands Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wolverhampton City Council. Both are multi-employer defined-benefit plans.

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

Total pension cost for the year	2020 £000	2019 £000
Teachers' Pension Scheme: contributions	2,049	1,373
Local Government Pension Scheme:		
Contributions paid	1,605	1,493
FRS 102 (28) charge	1,780	1,866
Charge to the Statement of Comprehensive Income	3,385	3,359
Enhanced pension charge to Statement of Comprehensive Income	8	23
Total Pension Cost for Year within staff costs	5,442	4,755

Contributions amounting to £418k (2019: £328k) were payable to the scheme and are included in creditors.

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.

25 Defined benefit obligations (continued)

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 £ 2,049k (2019: £1,373k).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wolverhampton City Council. The total contributions made for the year ended 31 July 2020 were £2,099k, of which employer's contributions totalled £1,562k and employees' contributions totalled £537k. The agreed contribution rates for future years are 18.4% for the college and range from 5.5% to 12.5% for employees, depending on salary according to a national scale.

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by Barnett Waddingham.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	3.20%	3.85%
Future pensions increases	2.20%	2.35%
Discount rate for scheme liabilities	1.40%	2.15%
Inflation assumption (CPI)	2.20%	2.35%
Commutation of pensions to lump sums	50%	50%

25 Defined benefit obligations (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 2020 Years	At 31 July 2019 Years
<i>Retiring today</i>		
Males	21.9	20.9
Females	24.1	23.2
<i>Retiring in 20 years</i>		
Males	23.8	22.6
Females	26.0	25.0

The college has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4th September 2019 by the UK Chancellor and UK Statistics Authority. The College continued to set RPI inflation in line with market break-even expectations. For CPI, the College has proposed a long term gap between RPI and CPI of 80 basis points, compared to 100 basis points at the prior year end. The estimated impact of the change in the methodology is approximately a £4.3m increase in the defined benefit obligation in respect of the LGPS scheme.

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

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2019 £'000	Long- term rate of return expected at 31 July 2019	Fair Value at 31 July 2018 £'000
Equity instruments	56%	24,568	60%	26,754
Gilts	11%	4,745	9%	4,214
Other bonds	4%	1,667	4%	1,684
Property	8%	3,296	8%	3,633
Cash	7%	2,901	4%	1,607
Other	15%	6,527	15%	6,609
Total fair value of plan assets		43,734		44,501
Weighted average expected long term rate of return	2.0%		6.0%	
Actual return on plan assets		925		2,620

25 Defined benefit obligations (continued)

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

	2020	2019
	£'000	£'000
Fair value of plan assets	43,734	44,501
Present value of plan liabilities	(83,715)	(63,730)
Present value of unfunded liabilities	(36)	(31)
Net pensions (liability)/asset (note 19)	(40,017)	(19,260)

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

	2020	2019
	£'000	£'000
Amounts included in staff costs		
Current service cost	3,266	2,751
Past service cost	76	594
Total	3,342	3,345
Amounts included in investment income		
Net interest income/(cost)	(401)	(384)
	(401)	(384)

Amount recognised in Other Comprehensive Income

Return on pension plan assets	(43)	1,521
Experience losses arising on defined benefit obligations	(2,754)	-
Changes in assumptions underlying the present value of plan liabilities	(11,166)	(6,771)
Change in demographic assumptions	(1,764)	3,437
Other actuarial gains	(2,907)	-
Amount recognised in Other Comprehensive Income	(18,634)	(1,813)

25 Defined benefit obligations (continued)**Movement in net defined benefit liability asset during year**

	2020	2019
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(19,260)	(15,176)
Movement in year:		
Current service cost	(3,266)	(2,751)
Employer contributions	1,562	1,479
Past service cost, including curtailments	(76)	(594)
Net interest on the defined liability	(401)	(384)
Actuarial gain or loss	(18,634)	(1,813)
Liabilities assumed on settlement	(82)	-
Settlement prices received	166	-
Administration costs	(26)	(21)
Net defined benefit liability at 31 July	<u>(40,017)</u>	<u>(19,260)</u>

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	63,761	56,215
Current service cost	3,266	2,751
Interest cost	1,369	1,483
Contributions by Scheme participants	537	499
Experience gains and losses on defined benefit obligations	2,754	-
Changes in financial assumptions	11,166	3,334
Estimated benefits paid	(1,019)	(1,109)
Past Service cost, including curtailments	76	594
Liabilities assumed on settlements	82	-
Unfunded pension payments	(5)	(6)
Defined benefit obligations at end of period	<u>83,751</u>	<u>63,761</u>

25 Defined benefit obligations (continued)

Changes in fair value of plan assets

	2020	2019
	£'000	£'000
Fair value of plan assets at start of period	44,501	41,039
Interest on plan assets	968	1,099
Return on plan assets less interest	(43)	1,521
Other actuarial gains/(losses)	(2,907)	-
Employer contributions including unfunded	1,562	1,479
Contributions by Scheme participants and other employers	537	499
Estimated benefits paid plus unfunded net transfers in	(1,024)	(1,115)
Settlement prices received/(paid)	166	-
Administration costs	(26)	(21)
Fair value of plan assets at end of period	<u>43,734</u>	<u>44,501</u>

The defined benefit obligations include a past service cost of £527k in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just over 0.6% of the total scheme liability as at 31 July 2020. The Fund actuaries (Barnett Waddingham) have calculated the adjustment to past service costs arising from the outcome of the Court of Appeal judgment based on all members who were active at 31 March 2012 until their retirement together with a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5 % pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

26 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £999; 4 governors (2019: £1,962; 4 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 (2019: None).

A family member of the Director of Operations rented office space from the College during the reporting period, on the College's usual business terms. The amount received during the reporting period was £384.

The Assistant Principal Commercial Development was appointed to the AELP board as the Further Education representative during the reporting period. The College is a member of AELP and paid membership fees in accordance with AELP's published rates of £4,320 during the reporting period.

27 Amounts disbursed as agent - Learner support funds

	2020	2019
	£'000	£'000
16-18 bursary grants	654	493
Funding body grants	165	155
Interest earned		-
	<u>819</u>	<u>648</u>
Disbursed to students	(779)	(587)
Administration costs	(34)	(43)
	<u>6</u>	<u>18</u>
Balance unspent as at 31 July, included in creditors		

Funding body grants are available solely for students. In the majority of instances, the college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

