

# SECURING OUR FUTURE

Report and Financial Statements for the year ended 31 July 2021



Bringing talent to life...

 Walsall College

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# Key Management Personnel, Board of Governors and Professional advisers

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## Corporation

P Averis

C Bosworth (Vice Chair – appointed 25.11.2021)

M Clarke (student – appointed 02.11.2021)

P Dale

J Dhillon

C Flood (resigned 24.09.2020)

J Hughes (staff)

S Lintern (student – appointed 07.01.2021, resigned 08.07.2021)

H Lodge (appointed 26.11.2020)

F Macmillan

K Mahmood (student – resigned 20.10.2020)

M Mahoney

A McGowan (staff)

L Miller (student – appointed 02.11.2020, resigned 08.07.2021)

S Pedley-Smith

A Pinnegar (Chair until 25.11.2021)

A Scales (resigned 1.02.2021)

J Sharma OBE (Accounting Officer)

G Ward

D Wheeler

A Woods OBE (Chair – appointed 25.11.2021)

## Clerk/Company Secretary

Alison Buick

## Executive team

Jatinder Sharma	Principal and CEO; Accounting Officer
James Norris	Assistant Principal – Commercial Development
Richard Brennan	Assistant Principal – Curriculum
Jayne Holt	Assistant Principal – Workforce Development & Learner Services (Retired 31 August 2021)
David Turner	Assistant Principal – Quality & HE
Matthew Brown	Director of Finance & MIS
Deb Rajania	Director of Operations & Resource

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

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## 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 2021.

### 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, delivering technical, professional and community education. 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.

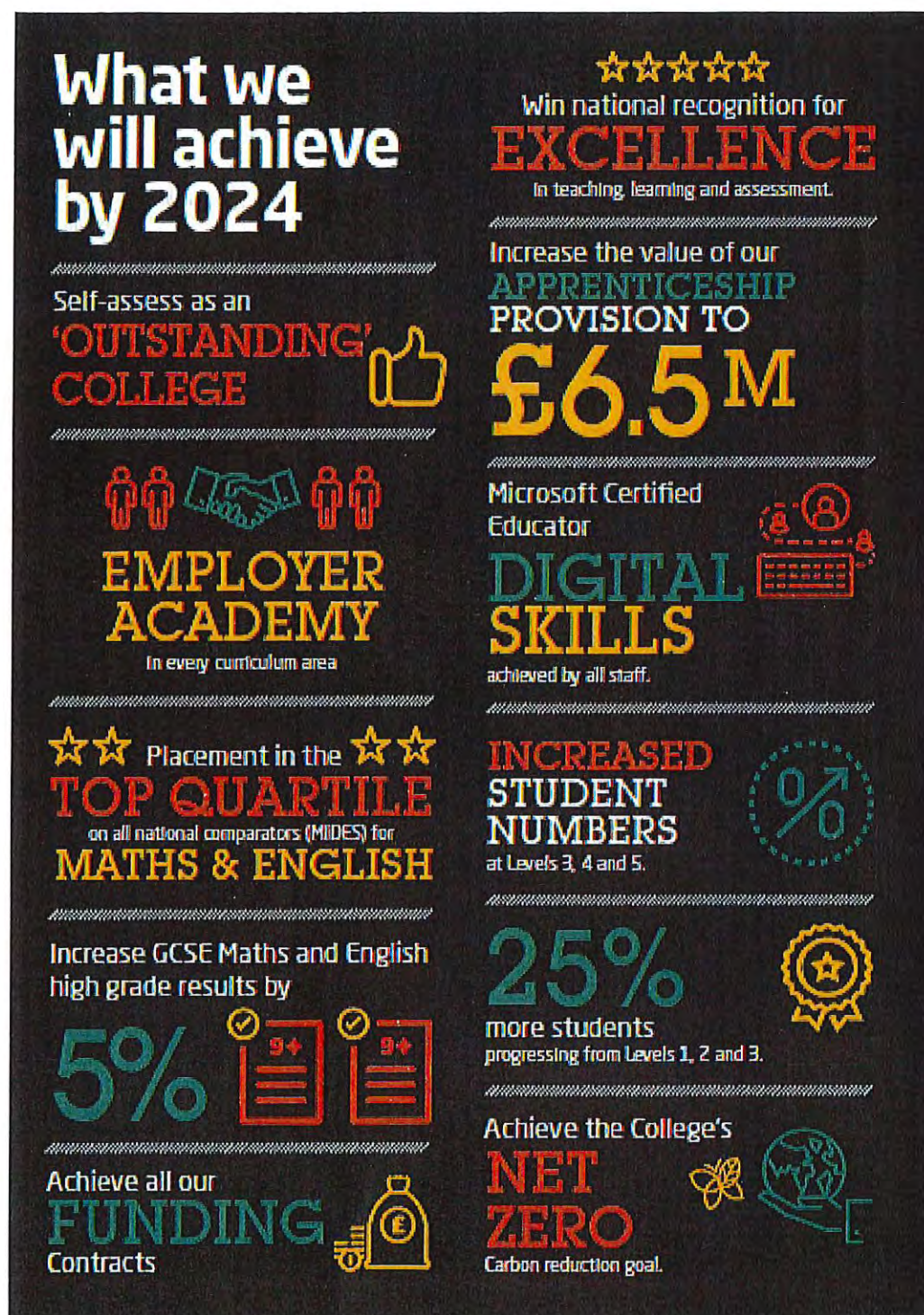
#### Implementation of strategic plan

The College adopted a new Strategic Plan for the period 2021 through 2024. In the strategic plan the Colleges key objectives are articulated in the form of seven pledges:

- **Pledge 1:** Work with an employer and business connection in every curriculum area to endorse and enhance the provision and provide a line of sight to work
- **Pledge 2:** Build a culture that celebrates and prioritises excellence and innovation in Teaching, Learning and Assessment
- **Pledge 3:** Develop the maths, English and digital skills of all our students in order to prepare them for the world of work by embedding skills seamlessly into every programme.
- **Pledge 4:** Become a truly innovative digital college
- **Pledge 5:** Proactively engage to upskill the regional workforce by helping people learn throughout their lives.



- Pledge 6: Create a high quality and seamless experience for all stakeholders, which is sustainable and accelerates the way to a greener future.
- Pledge 7: Promote rapid progression between levels and settings with an aim to increase numbers at Levels 3, 4 and 5.





The College's key performance indicators and Objectives for 2020/21 included:

The College revised its strategic plan during the year (outlined above) and following the first national lockdown and prolonged period of closure during the 2019/20 academic year was focused on day to day continuity and providing a wrap around education and support services to our learners to minimise the impacts of the disruption on the learning to date and to set them on the path to positive destinations and long and successful careers.

#### KPIs

Key Performance Indicator	Actual for 2020/2021	Target 2021
<b>Student Number</b>		
Classroom Based Young People (16-18)	3,672	3,650
Classroom Based Adults	5,053	5,250
High Needs Students	159	n/a
Apprentices	2,008	1950
Higher Education Students	363	500
Employability	3,150	n/a
<b>Total Students (excl. duplicate categories above)</b>	<b>11,119</b>	<b>11,350</b>
<b>Quality of Education</b>		
Achievement Young People Vocational (ProAchieve)	85.0%	89%
Achievement Adults Vocational (ProAchieve)	89.5%	89%
Achievement Apprentices (ProAchieve)	63.0%	74%
Achievement High Needs Funded (ProAchieve)	78.5%	89%
Achievement Higher Education (ProAchieve)	86.7%	90%
Satisfaction (Higher Education)	98.6%	90%
Satisfaction (Induction)	96.4%	90%
Satisfaction (Remote Education)	93.0%	90%
Satisfaction (Apprentices)	97.2%	90%
<b>Ofsted rating</b>	<b>Grade 2</b>	<b>Grade 2</b>
<b>Financial Health Score</b>	<b>210</b>	<b>230</b>
<b>Staff Sickness Days</b>	<b>6.2</b>	<b>6.0</b>

Whilst the year began with the introduction of "bubbles" and associated Covid-19 safety measures which the College had somewhat planned for the level of disruption and two national lockdowns were far in excess of what was expected.

The Board of Governors and management are proud of what the Colleges staff have achieved in the year in very difficult and uncertain circumstances.

The KPIs above show the strong and consistent experience delivered to the Colleges learners with attendance only marginally below pre-pandemic levels for 16-18 year olds and achievement at or above 2018/19 in all areas with the exception of apprenticeships which saw a slight fall as a result to the disruption in many parts of the economy.

The College achieved its original budget in terms of both bottom line and overall income, maintained its capital investment program and purchased the National Construction College Midlands from CITB successfully transferring its operations and continuing to trade in line with our business plan despite the third national lockdown.



The College successfully started cohorts of students on 3 of the new T-Level programmes, increased its 16-18 learner recruitment slightly and successfully delivered its Adult Education Budget to 95% of contract value, significantly in excess of the national average for Colleges.

The College has managed its assets, ensured its students achieve and continue to positive destinations and whilst staff absence reduced in the year (excluding Covid-19 factors) there is clearly a toll from the ongoing pressure and uncertainty on staff at all levels which has seen the College embark on a new Staff Health and Well Being Strategy at the beginning of the 2021/22 academic year.

### Covid-19

The effects to the normal operation of the College during the year from Covid-19 were substantial presenting a daily challenge to staff and students.

There were increased financial pressures to the College from the costs of protective equipment, hand sanitisers, new signage, marque rental (to support "bubbles" and social distancing) along with reduced group sizes requiring additional staffing, significant expenditure on new laptops to prevent students without suitable equipment being disadvantaged from by remote learning and additional equipment for staff and reconfiguration of work spaces. The time staff had to spend managing "bubbles", identifying and tracing close contacts and testing themselves and students was immense.

The quantifiable resource costs (excluding staffing) attributable to the impact of Covid-19 are:

General increased PPE and sanitation costs	£173k
Marque Hire and other requirements of Bubbles/Social Distancing	£105k
Covid Testing Costs	£32k
Devices for students (exclusive of Dept Education devices)	£136k
Less Covid Support Grants Received	(£60k)
<b>Net Additional Covid-19 Costs</b>	<b>£386k</b>

The above costs are broadly quantifiable however the human emotional costs to the College cannot readily be measured so easily. The impact of the Covid-19 measures inevitably resulted in increased complexity and time for nearly every activity which built upon the pressures sustained in the second half of the previous year following the first lockdown. Overall staff absence rates did not rise and were lower than the previous two years however overall approximately 200 College staff have had a Covid absence accounting for more than 1000 work days being lost.

Tragically two members of staff passed away following a positive Covid-19 test result during the year.

In terms of students 263 had a positive Covid-19 test with a total number required to isolate during the year in excess of 1500. Whilst the College is proud of the remote teaching it offered during the lockdown and when students were isolating it remains second best to face to face teaching, particularly for under 18s and in the Colleges many hands on areas. The impacts of this put significant pressures on staff and students to fit practical training and assessment into the relatively short period between face to face learning recommencing and the end of the academic year.

The College also saw a record number of Safeguarding cases in the year, undoubtedly impacted by the pressure placed across society by the pandemic. This is unfortunately a trend that has continued at the beginning of the 2021/22 academic year.

GCSE Exams were again cancelled and whilst the process was undoubtedly smoother overall this year the additional pressures on students and staff were arguably greater from the added scrutiny and higher expectations of the validity of grades this time around. It should be noted the College successfully ran 830 GCSE English and Maths re-sits in a Covid secure manor in November 2020.

Staff performed extremely well all year as can be seen from the Colleges achievement rates and its 95% delivery of the Colleges substantial Adult Education Budget. The adult education budget stands out as a particularly strong performance when compared across the sector.

### 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 788 people, of whom 412 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 £14.3 million (2020: £16.9 million) of net assets including £42.9 million pension liability (2020: liability of £40 million) and long-term debt of £4.9 million (2020: £5.1 million).

Tangible resources include the main college site, and 3 local campus' held on a Freehold or Long Term Leasehold basis. The College acquired the CITB training site in Kings Norton in December 2020 on a freehold basis recognising a book value of £950k. The College paid cash for the land, buildings and ongoing operations of the Centre including the transfer of 17 staff.

At the balance sheet date the College has cash balances of £15.4 million (2019: £12.0 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 University of Warwick, BCU and University of Worcester. The College completed its long term partnership with London College of Contemporary Arts in the year with all students now completing their courses.
- 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 21. 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.

By the nature of the Colleges size, history and hard earned reserves from prudent management it allows the College to undertake a number of activities to meet educational and skills need but where funding or outcome is uncertain in the short term.

The college is committed to providing information, advice and guidance to the learners 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 £3,415k (2020: deficit of £2,466k). The decline in performance from the prior year was largely due to an increase in staffing costs due to increased delivery in house, along with annual staff increments and a universal pay award of 1.0% paid from June 2021.

COVID-19 had a detrimental impact on finances of £386k as outlined above.

The increase in the pension scheme liability has resulted in a total comprehensive loss for the year of £2.6m (2020: £21.1m). By far the biggest single biggest reason for the increase is the increase in long term inflation expectations over the period from 2.20% p.a. to 2.80%, partially offset by the increase in the discount rate over the period from 1.40% p.a. to 1.60% p.a.

At the balance sheet date the college held net current assets of £6.7m and net assets of £14.3m, which includes a defined benefit pension liability of £42.9m.

### Cash flows and liquidity

At £6.8 million (2020: £3.7 million), net cash inflow from operating activities was strong. The increase from the prior year is due to the impact of COVID-19 on operating performance in 2020. Accordingly, the College's overall cash and cash equivalents increased by £3.4 million, from £12 million at 31 July 2020 to £15.4 million at 31 July 2021. 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 £2,296,000. This was split between the purchase of CCM £950,000, land and buildings refurbishment of £580,000 and equipment purchased of £766,000. The College also had assets in the course of construction that had been valued at £248,000 at the balance sheet date.

## Sources of income

The college has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, the ESFA/Combined Authority provided 87% of the college's total income.

The College's Commercial Activities are relatively minor representing less than 3% of income. 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 on this basis.

## Group companies

The college has one subsidiary company Broadway Training Limited. Walsall College Students' Trust Limited was dissolved on 13 October 2020. Neither company traded during 2020/21.

## FUTURE PROSPECTS

### Future developments

The College was reflected very positively in its latest Ofsted Report (March 2020) Grade 2 Good. 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. This overarching objective is the key focus of the Colleges new strategic plan for 2021-2024.

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. This will be underpinned by the Colleges dynamic curriculum based around the Governments flagship T-Level qualifications and our strong links with employers in the Black Country and wider West Midlands.

The College works closely with the West Midlands Combined Authority (WMCA) to ensure our Adult Education Budget and Community Learning Offers are closely aligned with the regional strategy for skills and jobs. The College are focused in ensuring that this agreed provision not only meets the needs of WMCA but also recognised the more local needs of Walsall which can diverge from those of the wider region as a whole for certain groups of the community.

The College transitioned quickly and successfully to on-line learning during the pandemic but agrees with the wider view that face to face learning is preferable for most learner groups particularly under 18s. The College has returned to face to face learning as the default choice but retains the flexibility of its delivery model from both the skills staff developed and the investment in equipment and resources so that hybrid or remote delivery can still be used where there are clear benefits.

## Financial plan

The Corporation approved a financial plan in July 2021, which sets objectives for the year to July 2022 and considered the direction of travel for the following two years. The college aims to maintain its health rating on the border of Good/Outstanding and achieve a small surplus on a management accounting basis (£127k).

The plan aims to deliver the Colleges long term financial security through increasing education specific EBITDA to circa 7.5% next year and including a £750k annual capital investment plan to deliver more than £1m in net cash inflow for the year.

The College is working closely with Walsall Council on the Town Improvement Plan which may result in the College committing to some future Capital Works to develop the Green Lane Construction Centre and Expand its Electric Vehicle and Renewable energy during 2022.

## 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 £68,000 in restricted reserves in relation to endowment funds and £184,000 in the revaluation reserve with the remaining £14,067,000 in the income and expenditure account (2019/20: £16,666,000). It remains the Corporation's intention to generate net positive cash inflow from operating activities in order to fund re-investment back into the College for the benefit of students, staff and the local community.

## PRINCIPAL RISKS AND UNCERTAINTIES

Whilst England returned to some degree of normality following the lifting of Covid-19 restrictions in July the impact on learners and staff will likely continue to be seen for some considerable time. It is increasingly difficult to determine learners entry points (particularly for under 18s), and the surety of the underpinning knowledge and skills represented by teacher assessed grades given in previous settings where particular areas of the curriculum may not have been taught. These adds pressure to both students and College staff to catch-up these areas. A task which is made more difficult by the non-uniform way in which they present in different learners. The College



welcomes the resources provided by the Tuition Fund to help support learners through additional small group teaching throughout the year.

As mentioned elsewhere the College is seeing an all time high number of safeguarding cases and concerns amongst our learners. This not only puts a strain on the Colleges resources but also often poses yet a further barrier to the continuation of the learners progress and development.

There is a significant programme of change in vocational education being proposed and enacted by the government which the College feels it is well positioned to benefit from. The College does however recognise the risk of the pace of change in this area and its need to continue to be more focused on employment outcomes than with more traditional provision.

The college is in the process of updating and reforming its 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.

## Student achievements

National Student achievement data is again not being published for the 2020/21 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 as can be seen in the Colleges internal KPIs reported above.

## 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 2021	6
FTE employee number	5.54

Percentage of time	Number of employees
1-50%	6

Total cost of facility time	£36,145
Total pay bill	£30,891,000
Percentage of total bill spent on facility time	0.12%

Time spent on paid trade union activities as a percentage of total paid facility time	18%
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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 to July 2023, 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 2021/22 budget on a prudent basis only including other funding income streams that were contractually secure;
- The College continues to generate cash from a strong operational cash flow which exceeds its annual capital investment requirements
- Non-Cyclical capital investment will only be committed to with due consideration to the long term financial stability of the College
- The College is comfortably within its gearing and free cash flow bank covenants and is projected to remain within these covenants
- 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.

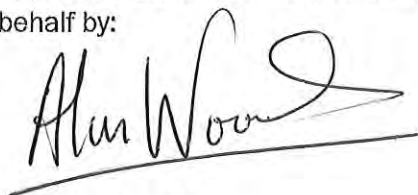
## EVENTS AFTER THE REPORTING PERIOD

Nothing material to disclose.

**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 25 November 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Alan Woods', with a long horizontal line extending from the end of the signature.

Alan Woods OBE

Chair



# Statement of Corporate Governance and Internal Control

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The following statement is provided to enable readers of the annual report and accounts of the college to obtain a better understanding of its governance and legal structure. This statement covers the period from 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 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 2021 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 2020/21
J Sharma OBE	09.12.11	Ex Officio		Governor	F&R S&GS	100% 100%
P Averis	05.07.18	3 yrs		Governor	L&Q	100%
C Bosworth	05.07.18	3 yr		Vice Chair	F&R Stu Voice	80% 100%
M Clarke	02.11.21	1 yr		Student Governor	Student Union	N/A
P Dale	21.05.20	1 yr		Associate Governor	Audit	67%
J Dhillon	10.7.14	3 yrs		Governor	L&Q	33%
C Flood	25.3.11	3 yrs	24.09.20	Governor	N/A	N/A
J Hughes	13.12.18	3 yrs		Staff Governor	L&Q Stu Voice	100% 100%
S Lintern	07.01.21	1 yr	08.07.21	Student Governor	Stu Voice	100%
H Lodge	26.11.20	3 yrs		Governor	N/A	N/A
F Macmillan	28.01.20	3 yrs		Governor	Audit Stu Voice	100% 100%
K Mahmood	19.11.19	1 yr	20.10.20	Student Governor	Stu Voice	N/A
M Mahoney	21.05.20	3 yrs		Governor	L&Q	67%

	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance in 2020/21
A McGowan	17.3.20	3 yrs		Staff Governor	Audit Stu Voice	100% 67%
L Miller	02.11.20	1 yr	08.07.21	Student Governor	L&Q Stu Voice	0% 100%
S Pedley-Smith	22.10.15	3 yrs		Governor	F&R Remuneration	100% 100%
A Pinnegar	25.3.11	3 yrs		Chair until 25.11.2021	F&R S&GS Remuneration	100% 100% 100%
A Scales	02.02.12	3 years	01.02.21	Governor	Audit S&GS Remuneration	100% 100% N/A
G Ward	19.10.17	3 years		Governor	Audit S&GS	67% 100%
D Wheeler	21.03.19	3 years		Governor	F&R S&GS	100% 100%
A Woods OBE	19.5.15	3 years		Chair from 25.11.2021 Vice Chair until 25.11.2021	L&Q Audit S&GS Remuneration	100% 100% 67% 100%

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](http://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 and Governance Standards 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 2021 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 2021 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 25 November 2021.

Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

### Audit Committee

The Audit Committee comprises 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.

The audit committee met 3 times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

Committee Member	Meetings Attended
P Dale	2
F Macmillan	3
A McGowan	3
A Scales (resigned 01.02.21)	2
G Ward	2
A Woods (joined 16.03.21)	2

## 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 2021 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the corporation.

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

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the 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 2020/21 and up to the date of the approval of the financial statements are:

- Funding Assurance
- Sub-Contractor Controls Assurance
- Risk Management and Board Assurance Framework
- Governance Processes – Counter Fraud
- HR and Payroll Processes
- Key Financial Controls – Creditors and Payments; Income and Debtors and Month End
- Follow Up
- Quality Assurance Systems
- Review of the planning and completion of the external audit



## 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.

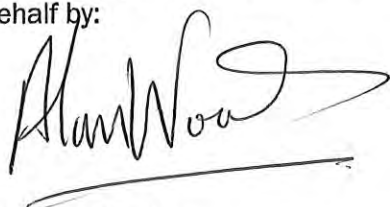
The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous 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 2021 meeting, the corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

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 25 November 2021 and signed on its behalf by:



Alan Woods OBE  
Chair



Jatinder Sharma OBE  
Accounting Officer

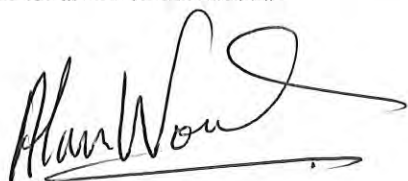
## Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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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.



Alan Woods OBE  
Chair  
25 November 2021



Jatinder Sharma OBE  
Accounting Officer  
25 November 2021



# Statement of the Corporation Responsibilities in respect of the Strategic Report and the Financial Statements

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The Corporation is responsible for preparing the Strategic Report and the Corporation's Statement of Governance and Internal Control and the financial statements in accordance with the College's Financial Memorandum with the Education and Skills Funding Agency (ESFA) and applicable law and regulations.

They are required to prepare the College financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The terms and conditions of funding further require the financial statements to be prepared in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of the Accounts Direction issued by the ESFA.

The Corporation is required to prepare financial statements which give a true and fair view of the state of affairs of the College and of its income and expenditure, gains and losses and changes in reserves for that period. In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the College'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 College or to cease operations, or have no realistic alternative but to do so.

The Corporation is responsible for keeping adequate accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Corporation is also responsible for ensuring that:

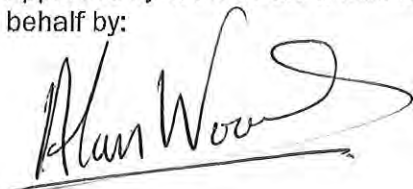
- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions attached to them;



- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the College's resources and expenditure.

The Corporation is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Approved by order of the members of the Corporation on 25 November 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Alan Woods', with a long horizontal flourish extending to the right.

Alan Woods OBE

Chair

# Independent auditor's report to the Corporation of Walsall College

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## Opinion

We have audited the financial statements of Walsall College ("the College") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the 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 2021, and of the College's income and expenditure, gains and losses, and 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*.

## 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 its operations, and as they have 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").

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.

Our conclusion based on this work:

- we consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Corporation's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may

cast significant doubt on the College's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the College will continue in operation.

#### **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Corporation, the Audit Committee and inspection of policy documentation as to the College's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the College's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Corporation and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account possible pressures to meet loan covenants and regulatory performance targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of understatement of potential clawback of adult funding where funding targets have not been reached, of overstatement of funding where there is the potential to receive payment for over delivery against funding targets, that income tuition fees is recorded in the wrong period, and management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the College's fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom used or unusual accounts.
- We performed tests of detail over the tuition fee income recognised in the year and performed sample testing of students, agreeing funding to learner registration documentation to confirm funding.

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

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



standards), and from inspection of the College's regulatory and legal correspondence and discussed with the Corporation and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

The College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, pensions legislation and specific disclosures required by post-16 education and skills legislation and regulation, charities legislation and related legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the College is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

#### Other information

The Corporation is responsible for the other information, which comprises the Member's Report, and the Corporation's Statement of Governance and Internal Control. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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; and
- in our opinion the information given in the Members' Report and the Corporation's Statement of Governance and Internal Control is consistent with the financial statements.

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

Under the Post-16 Audit Code of Practice 2020 to 2021 (March 2021) 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](http://www.frc.org.uk/auditorsresponsibilities).

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the articles of government;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

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

We are required by the Accounts Direction to report to you where the 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 9 has been materially misstated.

We are also required by the 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 3 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, and 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  
6 December 2021



# 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)

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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 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice 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 period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## Approach

We conducted our engagement in accordance with the 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 2020 to 31 July 2021 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

6 December 2021

# Walsall College

## Statement of Comprehensive Income and Expenditure

	Notes	Year ended 31 July 2021	Year ended 31 July 2020
		£'000	£'000
<b>INCOME</b>			
Funding body grants	2	36,706	32,159
Tuition fees and education contracts	3	2,780	5,101
Other grants and contracts	4	1,747	1,757
Other income	5	623	1,468
Investment income	6	1	35
<b>Total Income</b>		<b>41,857</b>	<b>40,520</b>
<b>EXPENDITURE</b>			
Staff costs	8	31,149	28,402
Other operating expenses	9	10,430	10,999
Depreciation & Amortisation	12	2,835	2,852
Interest and other finance costs	10	858	733
<b>Total Expenditure</b>		<b>45,272</b>	<b>42,986</b>
<b>Deficit before other gains and losses</b>		<b>(3,415)</b>	<b>(2,466)</b>
Loss on disposal of assets	12	-	-
<b>Deficit before tax</b>		<b>(3,415)</b>	<b>(2,466)</b>
Taxation	11	-	-
<b>Deficit for the year</b>		<b>(3,415)</b>	<b>(2,466)</b>
Appreciation of endowment asset investments		5	-
Actuarial gain/(loss) in respect of pensions schemes	25	809	(18,634)
<b>Total Comprehensive Income for the year</b>		<b>(2,601)</b>	<b>(21,100)</b>
<b>Represented by:</b>			
<b>Restricted comprehensive income &amp; expenditure</b>		-	-
<b>Unrestricted comprehensive income &amp; expenditure</b>		<b>(2,601)</b>	<b>(21,100)</b>
		<b>(2,601)</b>	<b>(21,100)</b>

All items of income and expenditure relate to continuing activities.



# Walsall College

## Statement of Changes in Reserves

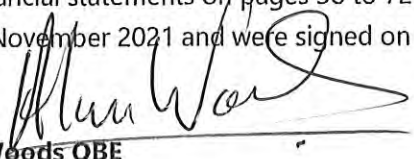
	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Endowment £'000	Total £'000
<b>Balance at 1 August 2019</b>	37,758	199	63	38,020
Deficit from the income and expenditure account	(2,466)	-	-	(2,466)
Other comprehensive income	(18,634)	-	-	(18,634)
Transfers between revaluation and income and expenditure reserves	8	(8)	-	-
	(21,092)	(8)	-	(21,100)
<b>Balance at 31 July 2020</b>	16,666	191	63	16,920
Deficit from the income and expenditure account	(3,415)	-	5	(3,410)
Other comprehensive income	809	-	-	809
Transfers between revaluation and income and expenditure reserves	7	(7)	-	-
<b>Total Comprehensive Income</b>	(2,599)	(7)	5	(2,601)
<b>Balance at 31 July 2021</b>	<b>14,067</b>	<b>184</b>	<b>68</b>	<b>14,319</b>

# Walsall College

## Balance sheet as at 31 July 2021

	Notes	2021 £'000	2020 £'000
<b>Non current assets</b>			
Tangible Fixed assets	12	55,643	55,784
		<b>55,643</b>	<b>55,784</b>
<b>Current assets</b>			
Stocks		-	-
Trade and other receivables	14	1,158	2,078
Investments	15	17	13
Cash and cash equivalents	20	15,391	12,009
		<b>16,566</b>	<b>14,100</b>
<b>Creditors – amounts falling due within one year</b>	16	(9,881)	(7,602)
<b>Net current assets</b>		<b>6,685</b>	<b>6,498</b>
<b>Total assets less current liabilities</b>		<b>62,328</b>	<b>62,282</b>
Creditors – amounts falling due after more than one year	17	(4,920)	(5,157)
<b>Provisions</b>			
Defined benefit obligations	19	(42,914)	(40,017)
Other provisions	19	(175)	(188)
<b>Total net assets</b>		<b>14,319</b>	<b>16,920</b>
<b>Restricted reserves</b>			
Expendable Endowments		68	63
<b>Unrestricted Reserves</b>			
Income and expenditure account		14,067	16,666
Revaluation reserve		184	191
<b>Total unrestricted reserves</b>		<b>14,251</b>	<b>16,857</b>
<b>Total reserves</b>		<b>14,319</b>	<b>16,920</b>

The financial statements on pages 38 to 72 were approved and authorised for issue by the corporation on 25 November 2021 and were signed on its behalf on that date by:

  
Alan Woods OBE  
Chair

  
Jatinder Sharma OBE  
Accounting Officer

# Walsall College

## Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
<b>Cash flow from operating activities</b>			
Deficit for the year		(3,415)	(2,466)
<b>Adjustment for non-cash items</b>			
Depreciation		2,685	2,852
Goodwill Amortisation		150	-
(Increase)/decrease in stocks		-	26
(Increase)/decrease in debtors		920	1,549
Increase/(decrease) in creditors due within one year		2,435	(353)
Increase/(decrease) in creditors due after one year		3	(175)
Increase/(decrease) in provisions		(13)	(153)
Increase in endowments		1	-
Pensions costs less contributions payable		3,158	1,722
<b>Adjustment for investing or financing activities</b>			
Investment income		(1)	(35)
Interest payable		858	733
<b>Net cash flow from operating activities</b>		<b>6,781</b>	<b>3,700</b>
<b>Cash flows from investing activities</b>			
Investment income		1	41
Payment made to acquire intangible asset		(150)	-
Payments made to acquire fixed assets		(2,576)	(867)
		<b>(2,725)</b>	<b>(826)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(310)	(332)
Repayments of amounts borrowed		(364)	(450)
		<b>(674)</b>	<b>(782)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>3,382</b>	<b>2,092</b>
Cash and cash equivalents at beginning of the year		12,009	9,917
Cash and cash equivalents at end of the year		15,391	12,009



# 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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The college is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the 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 2021/22 budget on a prudent basis only including other funding income streams that were contractually secure;
- The College continues to generate cash from a strong operational cash flow which exceeds its annual capital investment requirements;
- Non-Cyclical capital investment will only be committed to with due consideration to the long term financial stability of the College;
- The College is comfortably within its gearing and free cash flow bank covenants and is projected to remain within these covenants; 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.

**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.

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

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.



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

**Intangible Assets**

A non-monetary asset without physical substance, such as goodwill, shall be recognised as an asset when there is expected future economic benefit to the College and the cost or value of the asset can be measured reliably.

Such assets shall be amortised on a straight line basis over their expected useful life. In the case of goodwill, where the College is unable to make a reliable estimate of the useful life then this shall not exceed 10 years.

**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.

#### 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.

## Notes (continued)

### 1. Statement of accounting policies and estimation techniques (continued)

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 0.83% 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.

#### 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.

**Notes** *(continued)*• *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for the pensions include the discount rate.

Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



**2 Funding Body Grants**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
<b>Recurrent Grants</b>		
Education and Skills Funding Agency/Combined Authority – Adult Education	7,712	7,206
Education and Skills Funding Agency – 16-18	21,792	20,013
Education and Skills Funding Agency – Apprenticeship	4,194	3,473
Office for Students	266	262
<b>Specific Grants</b>		
Teacher Pension Scheme contribution grant	721	523
Education and Skills Funding Agency	639	633
Releases of government capital grants	998	7
HE capital grant release	62	42
<b>Specific Grants – Coronavirus additional funding</b>		
16-19 Tuition Fund	262	-
Covid 19 Mass Testing funding	60	-
<b>Total</b>	<b>36,706</b>	<b>32,159</b>

**3 Tuition fees and education contracts**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Adult education fees	946	594
Apprenticeship contracts	104	84
Fees for FE loan supported courses	490	758
Fees for HE loan supported courses	1,159	3,489
<b>Total Tuition Fees</b>	<b>2,699</b>	<b>4,925</b>
Education contracts	81	176
<b>Total</b>	<b>2,780</b>	<b>5,101</b>

**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 2021 £'000	Year Ended 31 July 2020 £'000
Grant income from the Office for Students	401	386
Grant income from other bodies	37,346	35,522
Fee income for taught awards	1,213	3,553
Fee income from non-qualifying courses	1,486	1,372
<b>Total</b>	<b>40,446</b>	<b>40,833</b>

**4 Other grants and contracts**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Other grant income	939	601
Local Authority High Needs Funding	706	1,008
Coronavirus Job Retention Scheme grant	97	148
Coronavirus Eat Out to Help Out scheme	5	-
<b>Total</b>	<b>1,747</b>	<b>1,757</b>

The College furloughed 30 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 £97k from the government's Coronavirus Job Retention Scheme and £5k from the government's Eat Out to Help Out scheme to support with these costs.

**5 Other Income**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Catering & Residences	95	383
Other income generating activities	459	777
Miscellaneous income	69	308
<b>Total</b>	<b>623</b>	<b>1,468</b>

**6 Investment Income**

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Other interest receivable	1	35
<b>Total</b>	<b>1</b>	<b>35</b>

**7 Donations**

The college did not receive any donations during 2020/21 (2019/20: 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:

	2021 No.	2020 No.
Teaching staff	412	399
Non-teaching staff	376	351
	<b>788</b>	<b>750</b>
<b>Staff costs for the above persons</b>		
	2021 £'000	2020 £'000
Wages and salaries	21,550	20,536
Social security costs	2,004	1,902
Other pension costs	7,243	5,442
Apprenticeship levy	94	87
<b>Payroll sub total</b>	<b>30,891</b>	<b>27,967</b>
Contracted out staffing services	87	385
	<b>30,978</b>	<b>28,352</b>
Restructuring costs – Contractual	171	50
<b>Total Staff costs</b>	<b>31,149</b>	<b>28,402</b>

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

	2021 No.	2020 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	
	2021 No.	2020 No.	2021 No.	2020 No.
£40,001 to £45,000 p.a.	1	1	-	-
£45,001 to £50,000 p.a.		-	-	-
£55,001 to £60,000 p.a.		-	-	1
£70,001 to £75,000 p.a.		1	-	-
£75,001 to £80,000 p.a.	4	4	-	-
£80,001 to £85,000 p.a.	2	1	-	-
£160,001 to £165,000 p.a.	1	1	-	-
	<u>8</u>	<u>8</u>	<u>-</u>	<u>1</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 2021 (2020: 1).

**8 Staff costs – (continued)**

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	£'000
Basic salary	671	658
Performance related pay and bonus	-	-
Benefits in kind	6	5
Pension contributions	136	125
Total key management personnel compensation	<u>813</u>	<u>788</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:

	2021	2020
	£'000	£'000
Basic salary	159	158
Performance related pay and bonus	-	-
Other including benefits in kind	5	5
Pension contributions	29	27
	<u>193</u>	<u>190</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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	6.37	6.37
Principal and CEO's total remuneration as a multiple of the median of all staff	6.69	6.66

## Compensation for loss of office paid to former key management personnel

	2021 £	2020 £
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 2021 £'000	Year Ended 31 July 2020 £'000
Teaching costs	2,512	3,302
Non-teaching costs	4,971	5,150
Premises costs	2,947	2,547
<b>Total</b>	<b>10,430</b>	<b>10,999</b>

<b>Other operating expenses include:</b>	<b>2021</b>	<b>2020</b>
<b>Auditors remuneration:</b>	<b>£'000</b>	<b>£'000</b>
Financial statements audit	44	35
Other services provided by the financial statements auditor	8	14
Internal audit fees	20	21
Other services provided by the internal auditors	16	6
Losses on disposal of non-current assets	-	-
Hire of assets under operating leases	126	65

<b>9a Access and Participation spending</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Access Investment	61	61
Financial Support for students	91	35
Research and evaluation	12	13
<b>Total</b>	<b>164</b>	<b>109</b>

The Access and participation spending includes staff costs of £41,973 (2020: £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](http://www.walsallcollege.ac.uk)



10 Interest and other finance costs	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
On bank loans, overdrafts and other loans	310	332
Other interest	-	-
	<u>310</u>	<u>332</u>
Net interest on defined pension liability (note 25)	548	401
Total	<u>858</u>	<u>733</u>

## 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
<b>Cost or valuation</b>				
At 1 August 2020	80,171	11,823	-	91,994
Additions	1,530	766	248	2,544
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>81,701</b>	<b>12,589</b>	<b>248</b>	<b>94,538</b>
<b>Depreciation</b>				
At 1 August 2020	25,407	10,803	-	36,210
Charge for the year	2,121	564	-	2,685
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>27,528</b>	<b>11,367</b>	<b>-</b>	<b>38,895</b>
<b>Net book value at 31 July 2021</b>	<b>54,173</b>	<b>1,222</b>	<b>248</b>	<b>55,643</b>
<b>Net book value at 31 July 2020</b>	<b>54,764</b>	<b>1,020</b>	<b>-</b>	<b>55,784</b>

On 1<sup>st</sup> December 2020 the College acquired a training arm of CITB for £1.1m. The site was independently valued at £950k and has been included in Land and Buildings additions. The goodwill of £150k relating to the forward order book has been fully amortised in the current year and included in the Statement of Comprehensive Income under 'Depreciation & Amortisation'.

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
<b>Net book value based on cost</b>	<b>Nil</b>

13 Non-current investments	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Investments in subsidiary companies	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

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 in 2020/21 and 2019/20.

14 Debtors	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Amounts falling due within one year:		
Trade receivables	746	1,268
Prepayments and accrued income	388	539
Amounts owed by the ESFA	24	271
<b>Total</b>	<b>1,158</b>	<b>2,078</b>

15 Current investments	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Endowment investments	17	13
<b>Total</b>	<b>17</b>	<b>13</b>

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:	2021 £'000	2020 £'000
Fixed interest stock	8	7
Equities	9	6
	<b>17</b>	<b>13</b>

16 Creditors: amounts falling due within one year	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Bank loans and overdrafts	240	364
Payments received in advance	994	714
Trade payables	353	303
Other taxation and social security	554	525
Short term employment benefits	993	762
Accruals and deferred income	3,142	2,690
Other creditors	1,019	1,040
Deferred income – government capital grants	1,003	360
Deferred income – government revenue grants	318	90
Amounts owed to the ESFA	1,265	754
<b>Total</b>	<b>9,881</b>	<b>7,602</b>

17 Creditors: amounts falling due after one year	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Bank loans	4,911	5,151
Other loan	-	-
Other creditors	9	6
<b>Total</b>	<b>4,920</b>	<b>5,157</b>



18 Maturity of debt	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	240	364
Between one and two years	251	240
Between two and five years	553	520
In five years or more	4,107	4,391
<b>Total</b>	<b>5,151</b>	<b>5,515</b>

The bank loan from Barclays Bank plc is secured on the Wisemore campus. £7m (£5.15m outstanding) bears a fixed interest of 5.5% (excluding lending margin) and is repayable by instalments over twenty-five years until 2035. The smaller loan of £2m (£0.138m outstanding as at 1 August 2020) was on a fixed interest rate of 3.41% (excluding lending margin) and was fully repaid in February 2021.

19 Provisions	Defined benefit obligations	Enhanced pensions	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	40,017	188	-	40,205
Expenditure in the period				
Additions in period	2,897	(13)	-	2,884
<b>At 31 July 2021</b>	<b>42,914</b>	<b>175</b>	<b>-</b>	<b>43,089</b>

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

The 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:

	2021	2020
Price inflation	2.6%	2.2%
Discount rate	1.6%	1.3%

## 20 Cash and cash equivalents

	At 1 August 2020	Cash flows	Other changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	12,009	3,382	-	15,391
Treasury deposits	-	-	-	-
<b>Total</b>	<b>12,009</b>	<b>3,382</b>	<b>-</b>	<b>15,391</b>

## 21 Capital and other commitments

	2021	2020
	£'000	£'000
Commitments contracted for at 31 July	822	36

**22 Lease obligations**

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

	2021 £'000	2020 £'000
<b>Future minimum lease payments due</b>		
<b>Land and buildings</b>		
Not later than one year	62	24
Later than one year and not later than five years	170	60
Later than five years	-	-
	<u>232</u>	<u>84</u>
<b>Other</b>		
Not later than one year	33	69
Later than one year and not later than five years	-	14
Later than five years	-	-
	<u>33</u>	<u>83</u>
<b>Total lease payments due</b>	<u>265</u>	<u>167</u>

**23 Contingencies**

The college had no contingent liabilities as at 31<sup>st</sup> July 2021. (2020 : nil)

**24 Events after the reporting period**

There are no events after the reporting period.

## 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 2019 and of the LGPS 31 March 2019.

Total pension cost for the year	2021 £000	2020 £000
Teachers' Pension Scheme: contributions	2,240	2,049
Local Government Pension Scheme:		
Contributions paid	1,836	1,605
FRS 102 (28) charge	3,152	1,780
Charge to the Statement of Comprehensive Income	4,988	3,385
Enhanced pension charge to Statement of Comprehensive Income	15	8
Total Pension Cost for Year within staff costs	7,243	5,442

Contributions amounting to £455k (2020: £418k) 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 2020-21 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 £2,240k (2020: £2,049k).

### 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 2021 were £2,336k, of which employer's contributions totalled £1,761k and employees' contributions totalled £575k. 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 2021 by Barnett Waddingham.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.80%	3.20%
Future pensions increases	2.80%	2.20%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.20%
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 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.6	21.9
Females	24.0	24.1
<i>Retiring in 20 years</i>		
Males	23.4	23.8
Females	25.8	26.0

The college has updated its approach to setting RPI and CPI inflation in light of the RPI reform proposals published on the 4<sup>th</sup> 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 £5.7m 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 2021	Fair Value at 31 July 2021 £'000	Long- term rate of return expected at 31 July 2020	Fair Value at 31 July 2020 £'000
Equity instruments	61%	31,835	56%	24,568
Gilts	8%	4,318	11%	4,745
Other bonds	6%	3,199	4%	1,667
Property	7%	3,671	8%	3,296
Cash	4%	1,924	7%	2,901
Other	14%	7,313	15%	6,527
Total fair value of plan assets		<u>52,260</u>		<u>43,704</u>
Weighted average expected long term rate of return	1.5%		2.0%	
Actual return on plan assets		<u>7,366</u>		<u>925</u>

**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:

	2021 £'000	2020 £'000
Fair value of plan assets	52,260	43,734
Present value of plan liabilities	(95,142)	(83,715)
Present value of unfunded liabilities	(32)	(36)
Net pensions (liability)/asset (note 19)	<u>(42,914)</u>	<u>(40,017)</u>

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	4,913	3,266
Past service cost	-	76
Total	<u>4,913</u>	<u>3,342</u>

Amounts included in investment income

Net interest income/(cost)	(548)	(401)
	<u>(548)</u>	<u>(401)</u>

Amount recognised in Other Comprehensive Income

Return on pension plan assets	6,746	(43)
Experience losses arising on defined benefit obligations	1,505	(2,754)
Changes in assumptions underlying the present value of plan liabilities	(8,692)	(11,166)
Change in demographic assumptions	1,250	(1,764)
Other actuarial gains		(2,907)
Amount recognised in Other Comprehensive Income	<u>809</u>	<u>(18,634)</u>

## 25 Defined benefit obligations (continued)

## Movement in net defined benefit liability asset during year

	2021	2020
	£'000	£'000
Net defined benefit liability in scheme at 1 August	(40,017)	(19,260)
Movement in year:		
Current service cost	(4,913)	(3,266)
Employer contributions	1,761	1,562
Past service cost, including curtailments	-	(76)
Net interest on the defined liability	(548)	(401)
Actuarial gain or loss	809	(18,634)
Liabilities assumed on settlement		(82)
Settlement prices received		166
Administration costs	(6)	(26)
Net defined benefit liability at 31 July	<u>(42,914)</u>	<u>(40,017)</u>

## Asset and Liability Reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	83,751	63,761
Current service cost	4,913	3,266
Interest cost	1,168	1,369
Contributions by Scheme participants	575	537
Experience gains and losses on defined benefit obligations	(1,505)	2,754
Changes in financial assumptions	8,692	11,166
Changes in demographic assumptions	(1,250)	1,764
Estimated benefits paid	(1,166)	(1,019)
Past Service cost, including curtailments	-	76
Liabilities assumed on settlements	-	82
Unfunded pension payments	(4)	(5)
Defined benefit obligations at end of period	<u>95,174</u>	<u>83,751</u>



## 25 Defined benefit obligations (continued)

## Changes in fair value of plan assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	43,734	44,501
Interest on plan assets	620	968
Return on plan assets less interest	6,746	(43)
Other actuarial gains/(losses)		(2,907)
Employer contributions including unfunded	1,761	1,562
Contributions by Scheme participants and other employers	575	537
Estimated benefits paid plus unfunded net transfers in	(1,170)	(1,024)
Settlement prices received/(paid)		166
Administration costs	(6)	(26)
Fair value of plan assets at end of period	<u>52,260</u>	<u>43,734</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 £432; 2 governors (2020: £999; 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 (2020: None).

The Vice Chair of the Corporation is the CEO of the Vocational Training Charitable Trust (VTCT). The College procured examination services from them for some of the Hairdressing courses, at a cost of £6,504 during the reporting period. This was conducted at arms length under the usual business terms.

The Assistant Principal Commercial Development sits on the AELP board as the Further Education representative. 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. The Assistant Principal Commercial Development also has served as a member on the Board of Francesco Group Holdings Ltd during the reporting period. The College contracts with company for training and consultancy services and paid £18,000 in fees during the reporting period. This was conducted at arms length under the usual business terms.

The College contracted with Nicola Clarke an Environmental Consultant during the reporting period. This contractor is the spouse of the Director of Commercial Projects. The College paid £1,080 for services during the reporting period. This transaction was conducted at arms length under the usual business terms.

## 27 Amounts disbursed as agent - Learner support funds

	2021	2020
	£'000	£'000
16-18 bursary grants	803	654
Adult bursary grants	205	165
Interest earned		
	<u>1,008</u>	<u>819</u>
Disbursed to students	(782)	(779)
Administration costs	(34)	(34)
	<u>192</u>	<u>6</u>
Balance unspent as at 31 July, Included in creditors		

Funding body bursary 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.

The DfE allocated 350 chrome books for disbursement to students of the college. These were disbursed to the students most in need in line with the guidance issued at the time. In this circumstance the college acted as agent and therefore this transaction has been excluded from the Statement of Comprehensive Income.