

Report and Financial Statements

For the year ended 31 July 2020



KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS

Key Management Personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2019/20:

<i>Dr Nikos Savvas</i>	<i>Principal and CEO; Accounting Officer</i>
<i>Angela Berry</i>	<i>Executive Director Partnerships</i>
<i>Colin Shaw</i>	<i>Vice Principal Quality and Student Experience</i>
<i>Jules Bridges</i>	<i>Clerk to the Corporation and College Secretary (until May 2020)</i>
<i>Laraine Moody</i>	<i>Vice Principal Employer Engagement</i>
<i>Rachel Kirk</i>	<i>Executive Dean for Higher Education</i>
<i>Richard Stevenson</i>	<i>Group Director Operations</i>
<i>Simon Graham</i>	<i>Group Director HR</i>
<i>Stephen Jones</i>	<i>Vice Principal Finance & Resources</i>
<i>Teresa Elkin</i>	<i>Clerk to the Corporation (from June 2020)</i>

Board of Governors

A full list of Governors is given on page 18 of these financial statements.

Professional Advisors

Financial statements
auditors and reporting
accountants:

RSM UK Audit LLP
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk IP32 7FA

Internal auditors:

Scrutton Bland
Fitzroy House
Crown Street
Ipswich
Suffolk IP1 3LG

Bankers:

Lloyds TSB Bank plc
Endeavour House
Chivers Way
Histon
Cambridge
CB24 9ZR

Solicitors:

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

Birketts LLP
Providence House
141-145 Princes Street
Ipswich

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WEST SUFFOLK COLLEGE REPORT OF THE GOVERNING BODY

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal Status

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

Vision

The College vision is to be the centre of a hub of outstanding education and training in East Anglia by working in a wide collaborative network, creating coherent provision across the region.

Public Benefit

West Suffolk 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 Corporation, who are Trustees of the charity, are disclosed on page 18.

In setting and reviewing the College's strategic objectives, the Corporation has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

Implementation of the Strategic Plan

Following the strategic conference in January 2019, the Corporation has been working to achieve the strategic aims below which are its objectives until 2021:

- Putting post 16 students and their success at the heart of everything we do.
- Preparing students for their future.
- Be recognised for achieving excellence in each of the curriculum areas and in the wrap-around support for our students.

- Create an inclusive environment where every student is on the right course, at the right level and supported towards outstanding achievement, so that no-one is left behind.
- Create a responsive curriculum that meets the needs of our region and provides the energy that powers our local economy.
- Ensure that we are a learning organisation at all levels that is committed to developing a highly trained and responsive workforce.
- Provide an estate that fulfils the needs of a fully resourced curriculum.
- Develop diverse sources of income from the private and public sectors that is resilient to policy changes.
- Ensure financial stability and sustainability for all the institutions in the Group.
- Work in collaboration with other organisations, including employers, to support the educational needs of our community and act as a catalyst for prosperity and excellence within the region.

The College has made good progress in fulfilling these objectives and specific examples of achieving the objectives above will be covered in this strategic report.

The Corporation monitors the performance of the College against this plan in all aspects of its regular business but will be formally assessing progress against it when the College's aims and objectives are reviewed in January 2021.

The College's specific financial objectives for 2019/20 were set out in the Financial Forecast 2019/20 which was approved by the Corporation in July 2019. Progress against the objectives is monitored, as part of regular Key Performance Indicators, by both the Senior Executive Team and the Finance Committee.

Financial Objectives for Year to 31 July 2020

In July 2019 the Corporation approved and set a series of financial objectives. Those objectives are set out below and accompanied by the outturn position for the year in respect of each objective:

1. The College generates a minimum break-even position in the three-year period.

For the three-year period ended 31 July 2020, the College generated a pre-pension FRS102 surplus of £3,331,000.

2. The budgets plan for positive cash generation which will enable the College to contribute to capital investment in its estate

The financial performance in 2019/20 generated cash from operations of £3,313,000 which enabled investment in assets of £2,275,000.

3. The College will maintain the current asset ratio in excess of 1 excluding the effect of any impact of FRS102 changes; and

The current asset ratio for the year was achieved with a figure of 1.8 compared to 1.6 in 2019/20

- Cash will be maintained to ensure sufficient cash balances to meet the expenditure needs of the business.

Cash days in hand were always maintained above 40 days during the year and stood at 96 days at the year-end.

- All loan covenant requirements will be satisfied.

All bank covenants were met during the year.

- Staff costs as a percentage of income to remain within budget with a longer-term objective to bring the percentage down to 65% or lower.

Staff costs as a percentage of income finished the year at 66.9% which was 1.8% lower than budget and 1.9% above the long-term objective of 65%. This figure does exclude income related to sub-contractors which would flatter the percentage if included.

- ESFA assessment of financial health to be a minimum of “Good”

The automated financial health grade, which was generated from the ESFA July return in July 2020, was “Good”. Part of this grade relied on a forecast surplus of £65,000 which was much lower than predicted earlier in the year before the Covid-19 pandemic severely reduced income. The final surplus was £1,030,000 before any non-cash movement in respect of the LGPS.

- Seek to achieve an adjusted surplus as a % of adjusted income of 3% (as per formula of row 5f of Ratio Schedule 2b of the ESFA Financial Plan).

Despite the discontinuation of the ESFA financial plan document the measure has been retained. The adjusted surplus was £1,702,000 which represented 5.6% of adjusted income. As with the financial health grading the College’s adjusted surplus figure suffered substantially due to the reduction of income due to the Covid-19 pandemic.

Performance Indicators

Key performance indicator	Measure / Target	Actual for 2019/20
16-19 Student numbers	ESFA Allocation: 2019/20 2970	Actual 2019/20: 3061
16-19 Student achievement	National rates suspended for 2019/20	91% achievement
16-19 Student progression	-	92% had a positive intended destination
Operating surplus / EBITDA as % of income	Budget 2019/20: 6.5%	Actual 2019/20: 11.3%
Ofsted rating	Self-Assessed as Outstanding July 2020	Good as at 2016 inspection

FINANCIAL POSITION

Financial Results

The College has generated a retained deficit for the year before actuarial losses and gains as reported in the SOCI of £630,000 (2018/19 £130,000 deficit). Excluding the impact of non-cash movements in respect of the LGPS of £1,660,000 (2018/19 £1,391,000) the College's adjusted surplus before actuarial losses and gains was £1,030,000 (2018/19 £1,261,000). This surplus has been achieved whilst still allowing for significant investment in the College's estate and equipment of £2.3m and has not been achieved to the detriment of the infrastructure or indeed the resourcing of staff and needs of students.

The ESFA's helpful position on the AEB funding line as a support measure to reduce the impact of the COVID-19 pandemic was an effective measure in reducing the impact of reductions in the fee, full cost provision and apprenticeship income lines. Prior to the pandemic, the AEB allocation was expected to be consumed, but apprenticeship income and fee income were all expected to be higher than the actual activity delivered. In the case of apprenticeship income this was expected to be considerably higher than budget and although the outturn was greater than budget it was at a much-reduced total which had a consequential impact on the surplus position.

The financial statements for 2019/20 allow for under-utilisation of HE related income due to a lower than budgeted HE recruitment during the year.

Financial Health

The College's financial health was graded as Outstanding for the 2018/19 year but was predicted to drop to Good for the 2019/20 year due to a smaller budgeted surplus. Up until the pandemic, the grade was forecast to return to Outstanding due to strong performances in apprenticeship activity which was forecast to significantly out-perform budget. The impact of the pandemic on a number of income lines including apprenticeships did indicate that this would not be possible, but the overall financial performance of the College still generated a financial health grade of Outstanding by the year end.

Treasury Policies and Objectives

The College has a treasury management policy, which outlines how the College will manage its cash flows, its banking and money market and capital transactions, together with the effective control of risks associated with those activities. The College invests its surplus cash balances in the money market through Lloyds. The Corporation has considered alternative investment areas but consider that the risks and the practical difficulties of moving money around will undermine any marginal benefit. The Finance Committee receives a key performance indicator report which includes details of levels of investment with regard to treasury management. During the year the College earned £45,000 of interest from invested surplus cash.

Cash Flows

The cash flow from operating activities during the year was £3,313,000 (2018/19 £1,866,000) although as with 2018/19, this cash inflow was offset by other items, giving a net increase in cash for the year of £529,000 (net decrease of cash of £1,839,000 in 2018/19). £95,000 of this related to a decrease in long term deposits and therefore the underlying cash movement (including long term deposits) from 2018/19 was a net increase in cash for the year of £434,000.

Liquidity

The College's liquid assets have been used during the year to invest in a number of capital projects, including the concluding part of the capital investment at the STEM site in the Autumn of 2019 (creation of a new Science Technology Engineering and Maths centre) and other smaller capital projects on the College's estate. More investment is planned over the next 5 years to address works identified as part of a condition survey undertaken during 2018/19. These works have now been bolstered by the allocation of a capital grant of £1,094,000 from the ESFA received in September 2020.

The College does not have a formal reserves policy but seeks to build up adequate reserves in order to ensure that the College remains financially stable from a cash perspective whilst enabling ongoing investment in the estate to continue. This is done with careful consideration about the quality of provision to learners and therefore a balance is struck between investing sufficient funds in the quality of learning whilst maintaining a positive financial performance in order to ensure the continuity of a good quality organisation in respect of all its assets. As at the balance sheet date the Income and Expenditure reserve stands at £3,159,000 (2018/19 £11,290,000)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2019/20 the College delivered courses that have earned £20,513,000 in the funding bodies' main allocations (2018/19 £20,558,000). The College enrolled 3,061 16-18 year olds and 2,011 19+ Classroom Based Learners and had over 1,600 apprentices in learning during the year. The College also enrolled over 570 Higher Education students generating an income of £3,430,000 in its partnership with the University of Suffolk and Direct funded students (2018/19 £3,282,000).

Student Achievements

The College has continued to grow and develop since the last Ofsted inspection in May 2016, which confirmed the College's self-assessment as "Good". However, the academic year 2019/20 has been unlike any other with the College, like the rest of the county, being impacted by the national lockdown due to the COVID-19 pandemic. Whilst many educational institutions stopped lessons, the College seized the situation as an opportunity and the teaching team, along with the rest of the College, moved to online delivery. This move enabled students to continue with their learning, helped to

maintain mental well-being and promoted character development; one of the College's key pillars. Both students and staff also had the opportunity to develop their digital skills, which will be utilised by teachers in the planning and delivery of sessions moving forward and for students who will be able to use the skills required in the 'new' world of work. For the academic year 2019/20, the College is self-Assessing as "Outstanding" for Overall Effectiveness, as students and staff have been able to demonstrate outstanding delivery through the Quality of Education, Behaviours and Attitudes and Personal Development. These areas demonstrate the commitment from both staff and students to consistently achieve above and beyond the norm in exceptional times. Students have been able to excel in competitions where they secured some exceptional achievements including Edmunds Restaurant maintaining the AA College Rosette Level two for exemplary standards and training. A Plumbing student won the HIP Apprentice of the Year Southern Regional heat for the second consecutive year and in Construction Crafts a carpentry student successful secured a gold medal in the National Skills build competition and will progress onto World Skills. Also, in the Academy of Hair and Beauty Studies, a barbering student achieved second place nationally at the NHF Apprentice of the Year competition and 22 students successfully secured places in the AHT National finals.

Overall Qualification Achievement Rates will not be formally recorded this year, due to the cancellation of exams and the use of National Rates (NR) being suspended; however, due to the robust processes adopted for 2019/20 we are confident that the exceptional achievements in a number of areas will be maintained going forward. Areas of significant improvement for the 16-19 cohort include Level 2 achievement rate of 90% compared with 79% in 2018/19, Level 3 achievement rate of 93% compared with 88% in 2018/19, GCSE English 52% (grades 9 – 4) compared with 29% the previous year and GCSE Maths achievement of 43% (grades 9 – 4) compared with 28% in 2018/19.

Students on vocational courses are not only achieving well but are achieving some of the highest grades possible with 28% of Level 3 students gaining DDD – D*D*D* and 20% of Level 2 students attaining D – D*.

The overall Achievement Rate for Apprentices has continued to improve and remains strong at 73%, which is 8% above NR. This includes apprentices who are mainly undertaking the Standards where they are required to complete the End Point Assessment (EPA) to achieve their qualification. 100% of apprentices passed the EPA; 94% passing on their first attempt.

Destinations

The College continues to track the intended destinations of its leavers with the vast majority (97%) of apprentices progressing into paid employment or education.

Of the 16-18 cohort 92% had a positive destination either into further study or employment and 89% of students had sustained destinations in education or employment two months after completing their course, which made the College one of the top providers for sustained destinations.

Curriculum Developments

A number of courses have continued to move to the new Regulated Qualifications Framework (RQF) technical specifications from the older Qualifications Credit Framework (QCF). The new RQF qualifications enable students to study and achieve the most up to date and relevant qualifications.

T Levels 20/21 and 21/22 planning is taking place with an investment of £90k for the three T Level streams we are planning to offer. This will support general development of the curriculum and staff continual professional training for delivery of the T levels. (£60k in the Autumn term and £30k in the summer term). Money will also be available for specialist equipment based on student numbers.

Curriculum managers have continued to work with employers and businesses effectively over the past year to help further develop the curriculum to benefit both students and employers. For example, the College has developed links with Anglian Water along with four other Colleges Nationally in response to Anglian Water's recruitment shortage of operative technical staff. 30 students at WSC are studying the Level 2 City and Guilds Groundwork qualification and are working alongside Anglian Water to gain on site experience of the different operative job roles, with an opportunity after year one to secure a two year Apprenticeship in partnership with West Suffolk College and full time employment following completion of their Apprenticeship. Students have a clear progression route into not only a job with prospects, but into a career with financial rewards and gains. From a college viewpoint funding is secured for 3 year, via the Vocational Year 1 and Apprenticeship over years 2 and 3.

Links have been developed with Bury Town Trust and supports 37 students studying a Level 3 BTEC Diploma in Construction and Conservation of the Built Environment. By combining the vocational study programme with the expertise and professional skills needed for working on heritage buildings. This is the first Heritage and Conservation qualification in the UK in response to local employer needs.

The College is working with The Career Colleges Trust, combining vocational training with real-world experiences. Students receiving high quality training at WSC, while having many opportunities to work directly with employers, through their study and in the workplace. The training is underpinned with a project-based approach to learning where students are exposed to real world challenges, with input from employers, building confidence and knowledge. This is being developed within Engineering and Logistics, with a possibility of Health and Social Care being included at a later date.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998 which came into force on 1 November 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 terms are that payment will be made by the end of the month following the month in which the invoice is received. The College received no interest charges in respect of late payment for this period.

Future Developments

2019/20 was the seventh year that GFE colleges did not receive an increase in base rate funding for 16-19 year olds and as a large part of the College's income stream this has made it even more challenging to fund investment in the College, to ensure standards remain high both in terms of infrastructure and delivery of curriculum. Despite this, the College has still been able to invest in the delivery of high-quality provision, maintaining a reputation for excellence both locally and nationally against the backdrop of some challenging financial circumstances. The proposed increase for 2020/21 has been very welcome and will help alleviate some of the pressure exerted by the seven-year static rate.

A longstanding strategy of the College has been the successful engagement with employers through a strong focus on their training provision, including apprenticeships, upskilling existing staff and professional commercial training. This has continued to be successful during 2019/20 and is evidenced by the strong growth in apprenticeship volumes and income and our usage of all Adult Education Budgets. Despite the impact of Covid 19 the College has secured a strong pipeline for further apprenticeships with both levy employers and SMEs. Engagement with Levy paying employers has continued to be targeted and we anticipate further growth in 20/21 through tendering opportunities which have been very successful.

The College has continued to work very closely with New Anglia Local Enterprise Partnership (LEP) and Cambridgeshire and Peterborough Combined Authority (CPCA) as well as other stakeholders to increase employer engagement and to provide the necessary skills to support our stakeholders. We have built a reputation as the Provider of Choice through our responsiveness and quality of service and are looking to broaden and increase our engagement with the CPCA.

Supported by the New Anglia LEP, the College bought and refurbished part of a former factory site on Western Way in Bury St Edmunds into a centre for STEM (Science, Technology, Engineering, Maths). This work was completed in September 2019 and welcomed its first students the same month. This new campus is an exciting project that will modernise and increase capacity in the College's provision of STEM and the remainder of the site offers great opportunity for further investment and development. The College is seeking funding opportunities to support the expansion of this site. A new bid round of Institute of Technology funding has been announced which may present an opportunity, and the College will work with employers to seek external investment.

The College continues to work successfully in partnership with the Suffolk Academies Trust (SAT) as much as restrictions allow between related parties in order to optimise the opportunities and outcomes for the region's 16-19 year olds. There are more opportunities available and it is hoped that the Department for Education and ESFA will unlock more opportunities for this partnership over the coming years.

SAT has just completed its fifth year of operation with West Suffolk College as its sponsor and this was the first year with two 16-19 academies in the Trust. The Trust's newest addition is Abbeygate Sixth Form College and in September 2020 will start its second academic and business year with both a year 12 and 13 in its newly available

purpose-built academy building and campus funded by the DfE. The new building is opposite West Suffolk College's HE and STEM centre and very close to the main FE Campus.

HE provision is predominantly delivered in partnership with the University of Suffolk but other HEIs are working with the College as it looks to expand its HE provision for future years. The College has worked with St Edmundsbury Borough Council to assess the feasibility of permanent halls of residence in Bury St Edmunds featuring as part of the Council's Western Way Development to support College learners, the majority of which would be HE students. Whilst this is a longer-term aspiration, it demonstrates the College's commitment to high quality and attractive HE programmes which will be supported by the new HE strategy for University Studies at West Suffolk College.

RESOURCES

The absence of any rate funding increases for FE Colleges for seven years has intensified pressure on resources for the FE and Skills Sector and the College. The increases provided by the ESFA with effect from August 2020 are therefore very welcome even if they do not reset funding levels to those of 2013. The absence of accessible capital funding has also placed a strain on finances and mainly on staffing costs which have remained depressed as a consequence. Despite these pressures, the College has striven to continue investing in its estate as much as it can in order to have a safe, attractive and welcoming environment at its campuses.

In the 2018-19 year, the College commissioned a condition survey of its estate and has planned to address the higher priority elements of the findings over the next 3-5 years. The allocation of capital funding in 2020-21 from the ESFA has therefore made this significantly more affordable.

Another significant pressure for the College has been the impact of the Covid-19 pandemic. The College was on track in January at the halfway point in the year to exceed its budgeted surplus of £124,547 by several hundred thousand pounds and had hoped to increase its predicted financial health grade of Good back to Outstanding in line with the 2018-19 grade. The effect of the pandemic led to a reduction in some income lines and an increase in costs as the College has made preparations for operating in a different way to address social distancing and a change in the delivery of the curriculum. Significantly impacted income lines were full cost commercial and fee income and also AEB and apprenticeship activities. Fortunately, the support from the ESFA in relation to AEB funding and removing clawback for lower levels of activity helped the College to maintain a surplus position at the year-end. Overall, ESFA funding body income remained relatively close to forecast income and this, alongside a reduction in non-pay costs has enabled the College to generate a surplus. Given the challenging circumstances, the achievement of a surplus is a significant achievement and reflective of the resilience of West Suffolk College.

The College has employed an average of 529 FTE (Full Time Equivalent) staff during the year which is an increase of 21 from 508 in the previous year. Of the staffing, some 503 FTE are permanent staff and there are 26 FTE hourly paid teaching staff and casual staff employed by the College. There is a healthy balance between long serving

and well qualified staff and newer and less experienced staff which complement each other well. Despite low unemployment making recruitment of high-quality staff a real challenge during the earlier part of the year within the budgetary constraints that the College faces, fortunately the College's reputation as a dynamic and successful organisation both nationally and locally is assisting successful recruitment.

The reputation of the College is very strong, both locally and nationally. This is a result of high qualification outcomes, but also the excellent enrichment, outreach, and collaborative working that takes place. The successes during this year are listed below and demonstrate the College's ability, even during the most challenging of times, to put its students and the community at the heart of what we do.

- We are the lead organisation within a consortium of outstanding education institutions, as one of the Department for Education's Ed-Tech Demonstrators. The initiative is designed to support teaching and learning practice across the country by embracing and embedding the use of technology.
- We have become the first provider to have an Apprenticeship accredited by The Royal Society of Chemistry. Accreditation enables students and employers to choose high quality vocational programmes and provides assurance that these programmes provide the knowledge and competencies required in a competitive marketplace. The accreditation is in place for five years.
- Our escalator model which brings a range of support and opportunities together for educators, parents and young people, held 'STEMtastic Live' in July 2020. This event was a virtual celebration of Science, Technology, Engineering and Innovation. We were the only college in the country to hold such an event and over 1400 people signed up to tune in on the day. Several employers were involved including, but not limited to, BT, STEM Learning, Anglian Water, Rolls Royce, Treatt, EDF Energy, Cambridge University and Tech She Can.
- We have held over 30 different virtual events since the pandemic hit this year, hitting wider audiences and flying the flag for digital innovation. Examples of this include VeXeD (online art show), STEMtastic (Virtual STEM Fair) and Lockdown Live (Music concert celebrating the work of our students).
- We launched an exceptional online resource to support year 11 students with their future progression steps. A toolkit was made available to support these students in making informed decisions about their future at a time when many would have felt anxious about their next steps.
- West Suffolk College was announced as one of the first colleges to be part of the WorldSkills UK Centre of Excellence, in partnership with NCFE, to mainstream world-class standards in skills development in the UK. We are the only college in the Eastern region to have this fantastic accolade.
- End point assessments for 150 apprentices have been completed remotely since lockdown.
- Our University Studies provision received a phenomenal NSS (National Student Survey) score of 82.5%, second only to the UEA and a 10% rise on last year. The Graphic Communications team achieved 100% satisfaction on their NSS.
- One of our Joinery lecturers was awarded the highest national award available in the trade last term, The Master Certificate in Joinery. The celebration included an official ceremony in London and presentation of the certificate by the Lord Mayor of London.

As a College we are immensely proud of our achievements and consequential outstanding reputation.

PRINCIPAL RISKS AND UNCERTAINTIES

During the 2019/20 year the responsibility for Risk Management moved to the Vice Principal Finance & Resources from the Corporation Secretary who left the College in May 2020. For the remainder of the business year the College's established risk management processes were continued, featuring the risk register, risk heat map and board assurance framework.

The risk register is central to the College's Risk Management framework and as well as being considered and reviewed by the Audit and Risk Management Committee at each of its meetings, the register is reviewed by the College's Senior Executive Team regularly to ensure that all risks identified are documented on the register, that control measures remain relevant and operational, and risk severity and likelihood scores remain appropriate. Each risk is also accompanied by a list of actions required that once implemented should lead to a reduced risk score after mitigation measures have been taken into account.

The Audit and Risk Management Committee reports on risk management to the Board which is ultimately responsible for management of risk at the College.

The strategic risks that may affect the College are maintained in the Corporate Risk Register. In summary, the risks graded as high currently related to:

1. Covid-19 related College closure

The College has contended successfully with the disruption of the pandemic considering the scale of challenge involved. Now that operating during the disruption of a pandemic is more normalised, two principle risks have emerged in relation to COVID-19, the first of which relates to disruption caused by the enforced closure of the College due either to a local lockdown or a lockdown imposed upon the College as a consequence of triggering the requisite number of positive Covid-19 cases. The principal effect of this will be to reduce income through inability to continue to run all provision but equally the expected potential reduction in volume of certain activities such as trading activities and apprenticeships as an example.

To some extent this risk is beyond the control of the College, but a number of measures have been put in place to reduce that risk as follows:

- Closely following Public Health England advice
- Operating at controlled reduced capacity where appropriate
- Regular Executive Team meetings dedicated to Covid-19 management
- Establishment of virtual platforms for teaching and meetings
- Student progress tracked and monitored
- Student enrolments/applications completed online

- Provision of signage, sanitiser & augmented cleaning regime
- Installation of thermal imaging camera at single points of entry
- Government announcements monitored

A more detailed scenario planning exercise was commenced in September 2020 finalising the establishment of building “bubbles” and the controlled and central recording of staff and student movements for track and trace purposes.

2. Covid related operational disruption

The second COVID-19 related risk for the college relates to operational disruption caused by a single group or team within the college suffering significant Covid-related absence. This could be a group of senior managers or indeed a curriculum or specific support team.

All of the mitigation measures referred to in the risk above apply as relevant mitigation measures and although this risk to some extent is still not entirely within the colleges ability to control, it is felt that this can be mitigated more than the risk above. Additional mitigation measures for this specific risk are as follows:

- Segregation of staff teams to avoid team infection
- Sponsoring of home working where practicable
- Division of College into suitable “bubbles”
- Distribution of staff teams within approved building bubbles
- Student & staff attendance recorded & monitored across the College
- Staff absence recorded and monitored

In addition to the above the College’s staff succession planning was revisited in September 2020 to ensure that the College can anticipate operational challenges presented by staff absence so that the College can continue to operate successfully.

3. HE Recruitment

HE recruitment has been variable in recent years and the combination of historical small budgeted surpluses for the College with the potential for a significant impact on income caused by under-recruitment has meant that poor HE recruitment has featured as a higher risk on the College’s risk register. This risk is the subject of close review and detailed monitoring. Towards the end of the 2019/20 year the HE arm of the College had a change of leadership which despite being a positive appointment is a change that elevates the risk profile. The mitigation controls to manage the risk are as follows:

- Regular HE performance and student numbers/financial KPIs reported to the Senior Executive Team and Corporation Finance Committee
- HE recruitment oversight merged into FE recruitment oversight to ensure a dedicated manager is driving recruitment
- Recruitment cycle has been brought forward within the business cycle

- Consolidation of degree portfolio
- Establishment of dedicated HE Standards and Excellence Group
- A discrete campus established for the delivery of the majority of HE provision

Further measures to strengthen and invest in the HE Provision and improve its appeal are planned for the 2020/21 year.

STAKEHOLDER RELATIONSHIPS

Employer Stakeholders

Successful relationships continue with a multitude of key stakeholders including both the New Anglia LEP (NALEP), Cambridge and Peterborough Combined Authority (CPCA) and Greater London Authority (GLA).

The College has links with many local employers and their representative groups, for example the Chambers of Commerce, Institute of Directors, and the CBI (Confederation of British Industry) etc. College staff regularly attend meetings and are represented on the boards of the Bury St Edmunds, Newmarket and Haverhill Chambers of Commerce and are patrons of the Suffolk Chamber of Commerce. During the year the College has continued to host the Bury St Edmunds Chamber of Commerce offices at the main College campus in Bury St Edmunds, further strengthening the links between the College and its students with that of employers.

Employer engagement at the College is carried out by a dedicated team of staff whose function is to engage with employers, help employers realise their growth aspirations and deliver effective and innovative programmes of learning for their staff. The dedicated Employer Engagement (EE) space in the STEM Innovation Centre has proved to be hugely successful with staff feeling part of one large team and the full range of EE services being “sold” to companies. This approach has enabled the College to maximise all budget lines and increase engagement with major employers in the region. The College has engaged with a number of employers ranging from large businesses, such as Hutchison Ports (UK) Limited, Cambridge University Press and Cranswick Foods in the private sector, to large public sector employers, for example West Suffolk NHS Foundation Trust, Cambridge University NHS Foundation Trust, Suffolk County Council and the Norfolk and Norwich University Hospitals NHS Foundation Trust; to hundreds of small and medium sized enterprises across the Region.

The College holds a range of employer events and advisory groups with local businesses to elicit feedback from employers on the relevance of the College’s provision as well as ensuring that employers’ current and future skills needs can be included in the College’s offer. Employers have valued our information, advice and guidance and this is being reflected in the numbers of apprentices being enrolled and the feedback received. Close working relationships with the Department for Work and Pensions (DWP) have enabled the College to run a number of programmes for adults to retrain for employment and we are currently working on a range of new programmes

to help business restart and recover following Covid-19, including collaborative Youth Hubs and sector specific training for real jobs being created.

Local Authority Stakeholders

The College works on joint projects with both tiers of local government economic development teams. For example, contributing to the Business Festival organised by West Suffolk Council by holding employer information events and a range of business seminars and being a member of the Skills Group with the LEP, West Suffolk Council, DWP and employers for USAF (United States Air Force) Lakenheath. West Suffolk Council and Babergh Council have both funded Youth Employment projects which are working extremely well to reduce the numbers of young people not in education, employment and training and has resulted in further interest for new projects in 20/21 with new local authorities.

Local Community Stakeholders

The College offers a wide range of provision throughout the local area both at its own centres and in premises hired specifically, particularly for adults in the local community. Recent examples include English, maths and management training aimed at horse racing industry staff delivered in the National Association of Racing Staff (NARS) Centre in Newmarket as well as English and maths for the East of England Ambulance Service.

The College reviews its offer on an ongoing basis to ensure it is both viable and responds to market demands but also so that such provision is easily accessible throughout local communities.

School Outreach and Enrichment – Escalator

The College is dedicated to supporting the pre-16 education landscape and maintains excellent relationships with its feeder schools and local education providers. This extensive work that has reached over 5000 under 16s and over 500 educators over the last year has enabled the College to become the heart of education in the county and the region.

The escalator offer is a combination of nationally funded projects such as the Computing Hub (DfE and NCCE), EdTech demonstrator programme (DfE) and STEM Clubs (STEM Learning UK). In addition, local and targeted initiatives such as the Science Boxes which brings hands-on experiential learning to the classroom by way of a box of resources, experiment guides linked to the national curriculum and access to an expert. The new contracts secured and delivered this year have enabled the increase in reach to education providers and individuals alike and continue to strengthen our network of education partners including academy trusts from across the region.

International Festival of Learning

The International Festival of Learning, which was founded by WSC and a group of head teachers from across the county, was hosted by the College for the fourth year

running, albeit virtually through short streamed sessions, and this year focused on broad educational topics including the development of digital technologies and their use within all aspects of education during the COVID-19 pandemic lockdown.

The International Festival of Learning and Escalator epitomises the vision of the College, which is ‘to be the centre of a hub of outstanding education and training in East Anglia by working with a wide collaborative network, creating coherent provision across the region’

Suffolk Academies Trust

The College continues its successful relationship with the Suffolk Academies Trust and remains its sponsor. This five-year relationship is a positive platform for influencing the educational outcomes of a significant and growing share of the county’s 16-19 year olds. The Trust has two 16-19 academies and from September 2020 the Abbeygate Sixth Form College will move into its brand new and purpose built Sixth Form College buildings in Bury St Edmunds amongst the wider campus of West Suffolk College.

Trade Union Facility Time

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

Number of employees who were union officials during the relevant period	FTE employee number
4	3.4

Percentage of time spent on facility time	Number of employees
1 - 50%	4

% of pay bill spent on facility time	£000
Total cost of facility time	17
Total pay bill	20,099
% of total bill spent on facility time	0.07%

Equal Opportunities and Employment of Disabled Persons

West Suffolk College is committed to ensuring equality of opportunity for all who learn and work at the College. We positively respect and value differences in age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. 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 and annual basis.

The College’s Equal Opportunities Policy is published on the College’s website. The College considers all applications from disabled persons, bearing in mind the aptitudes

of the individuals concerned. 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:

- (a) The College has a Learning Support function, which provides information, advice and arranges support where necessary for students with disabilities.
- (b) There is a list of specialist equipment which the College can make available for use by students and staff and a range of assistive technology is available.
- (c) The admissions policy for all students is described in College Procedures. Appeals against a decision not to offer a place are dealt with under the admissions policy.
- (d) The College continues to invest in the appointment of staff to support students with learning difficulties and/or disabilities. There is a dedicated SENCO who provides specialist advice and support as well as a large number of Learning Support Assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure that a high level of appropriate support for students who have learning difficulties and/or disabilities is provided.
- (e) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published.
- (f) Counselling and welfare services, disability statement, disciplinary and complaints procedures, and other useful information are described in the College Course Handbook, which is issued to students at induction.

Disclosure of Information to Auditor

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditor is unaware; and each member has taken all 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 11 December 2020 and signed on its behalf by:



E D'Souza Chair

Statement of Corporate Governance and Internal Control

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. in full accordance with the guidance to Colleges from the Association of Colleges (AoC) in the Code of Good Governance for English Colleges (known as “the Code”), and this includes the annexe the AoC’s Senior Staff Remuneration Code.

The College is committed to exhibiting the best practice in all aspects of corporate governance and in particular the Corporation has adopted and complied with the Code. We have not adopted and therefore do not apply the UK Corporate Governance Code 2016. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Corporation, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. The Corporation 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 at its meeting held on 17 July 2015.

The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report are as listed in the table on the next page.

Member	Date of appointment	Term of office	Date of resignation	Status of appointment as at 11.12.20	Attendance 2019/20 %	Committees served
Mr R Berongoy	14.12.17	3 years	01.08.2019	Staff member	75	Standards and Excellence
Mrs J Bloomfield	01.01.00 Re-appointed 04, 08, 12, 16, 17, 18, 19 (co-opted)	1 year	31.07.16 Became a Co-opted member on 01.08.16	Co-opted member	100	Appointments and Governance and Remuneration
Mr S Clarke	14.12.12 Re-appointed 19	3 years		Independent member	100	Finance and Property Corporation
Mrs S Daley	20.03.15. Reappointed 18	3 years		Independent member	100	Standards and Excellence, Appointments and Governance and Remuneration Corporation
Mr E D'Souza	01.08.18 Appointed Chair 01.01.19	3 years		Independent member	100	Finance, Property, Appointments and Governance and Remuneration Corporation
Professor J Gazzard	15.12.16 Reappointed 20	3 years		Independent member	70	Audit and Risk Management Corporation
Professor C Higgins	01.08.15. Reappointed 18	3 years		Independent member	60	Finance Corporation
Mr P Hickman	01.08.20	3 years		Staff member	N/A	Standards and Excellence
Mrs S Howard	01.08.16 Reappointed 19	3 years		Independent member	60	Appointments and Governance and Remuneration Corporation
Mr A Maltpress	14.12.12 Re-appointed 16, 19	3 years		Independent member	100	Audit and Risk Management and Standards and Excellence Corporation
Mr H Nydam	15.12.16, 17, 18, 19	1 year		Co-opted member	100	Audit and Risk Management
Mrs K Points	01.08.16 Reappointed 19	3 years		Independent member	100	Standards and Excellence Corporation
Mr N Roberts	14.12.12 Re-appointed 13, 14, 15, 16, 17, 18, 19	1 year		Co-opted member	75	Audit and Risk Management
Ms J Wakelam	01.08.18	3 years		Independent member	85	Audit and Risk Management Corporation
Mrs D Wildridge	15.12.11 Re-appointed 15, 18	3 years		Independent member	75	Finance, Property, Appointments and Governance and Remuneration Corporation
Mr N Wingfield Digby	13.12.19	3 years	27.03.20	Independent member	100	Finance
Mr D Jugg	01.08.19	1 year		Student member	60	Standards and Excellence Corporation
Ms E Lawrance	13.12.19	1 year		Student member	70	Standards and Excellence Corporation
Dr N Savvas	13.12.19	Whilst in post		Principal	100	Resources, Standards and Excellence and Appointments and Governance Corporation

Mrs J Bridges acted as Clerk to the Corporation (to 29 May 2020)
Mrs T Elkin acts as Clerk to the Corporation (from June 2020)

Statement of Corporate Governance and Internal Control continued

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 each term.

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 Finance, Standards and Excellence, Appointments and Governance, Property, Remuneration and Audit and Risk Management.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website (www.westsuffolk.ac.uk) or from the Clerk to the Corporation at:

West Suffolk College
Out Risbygate
Bury St Edmunds
Suffolk
IP33 3RL

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 of the Corporation and Accounting Officer of the College are separate.

Statement of Corporate Governance and Internal Control continued

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has an Appointments and Governance Committee comprising six members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding three years.

Corporation performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2020.

Appointments and Governance and the Remuneration Committees

Throughout the year ending 31 July 2020, the College's Appointments and Governance and Remuneration Committees comprised six and five members respectively. The Appointments and Governance Committee's responsibilities are to make recommendations to the Corporation on the appointments of Governors, governance arrangements and the Remuneration Committee has the responsibility for the remuneration of and benefits of the Accounting Officer and other designed senior post holders.

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

Audit and Risk Management Committee

The Audit and Risk Management Committee comprises five members which exclude the Accounting Officer and the Chair but includes two co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit and Risk Management Committee meets four times a year and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee if necessary, for independent discussion, without the presence of College management. The College management team attend by invitation. The Committee also receives and considers reports from the main FE funding bodies, as they affect the College's business.

Statement of Corporate Governance and Internal Control continued

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed annual plan and report their findings to management and the Audit and Risk Management Committee.

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

The Audit and Risk Management Committee oversees the internal audit, external audit and risk management processes and reports to the Corporation on the effectiveness of the internal control system, including the College's system for the management of risk. The Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to the Accounting Officer in the Financial Memorandum between the College and the funding bodies and in the case of the Office for Students (OfS) compliance with the conditions of registration and any terms and conditions of funding. The Accounting Officer is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Statement of Corporate Governance and Internal Control continued

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial, reputational and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- 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
- Regularly reviewing Corporation membership.

The College has an internal audit service, which operates in accordance with the requirements of the *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 and Risk Management Committee. At minimum, annually, the Internal Auditor provides the Corporation with a report on internal audit activity in the College. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

Statement of Corporate Governance and Internal Control continued

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

The College Policy is for the Accounting Officer to be advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Risk Management 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 and Risk Management Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit and Risk Management 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 and Risk Management Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2020.

Based on the advice of the Audit and Risk Management Committee and the Accounting Officer, and in the opinion of the internal auditors, the Corporation is of the opinion that the College has an adequate and effective risk management, governance, control and efficiency, effectiveness and economy processes in place to manage its achievement of the College's objectives.

Going concern

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

The College currently has £5.3m of loans outstanding with bankers on terms as presented in Note 18. The terms of the existing agreements are for the loans to be repaid by 2028 for the loan of £1.9m and by 2030 for the two loans totalling £3.4m.

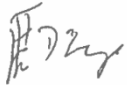
Statement of Corporate Governance and Internal Control continued

The Colleges' forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Approved by order of the members of the Corporation on 10 February 2021 and signed on its behalf by:

Signed



**E D'Souza
Chair**

Signed




**Dr N Savvas
Accounting Officer**

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

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

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 College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.

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.



E D'Souza
Chair
10 February 2021



Dr N Savvas
Accounting Officer
10 February 2021

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation who act as trustees for the charitable activities of the College are required to present audited financial statements for each financial year.

The law applicable to charities in England and the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency and the Corporation of the College, requires the Corporation of the College to prepare financial statements and the Report of the Corporation for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions the annual Accounts Direction issued by the Education and Skills Funding Agency, Accounts Direction issued by the Office for Students and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and which give a true and fair view of the state of affairs of the College and of the College's surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is responsible for adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the College, and enable it to ensure that the financial statements are prepared in accordance with the Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that funds from the Education and Skills Funding Agency are used only in accordance with the authorities that govern them as defined by and in accordance with Further & Higher Education Act 1992, subsequent legislation and related regulations and the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. They are also responsible for ensuring funds from Office for Students or other sources are properly applied for the purposes for which they have been given and in accordance with relevant legislation or terms and conditions attached to them.

Approved by order of the members of the Corporation on 10 February 2021 and signed on its behalf by:



E D'Souza
Chair

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WEST SUFFOLK COLLEGE

Opinion

We have audited the financial statements of West Suffolk College (the 'College') for the year ended 31 July 2020 which comprise the college statement of comprehensive income, the college balance sheet, the college statement of changes in reserves, the college statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the college's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

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

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Corporation of West Suffolk College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 26 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for 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 the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 25 June 2019. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

RSM UK Audit LLP

Date: 24 February 2021

WEST SUFFOLK COLLEGE**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 Total £000	2019 Total £000
Income			
Funding body grants	3	24,970	24,202
Tuition fees and education contracts	4	1,890	2,226
Other grants and contracts	5	2,008	2,093
Other income	6	1,286	1,116
Investment income	7	45	46
Total income		30,199	29,683
Expenditure			
Staff costs	8	22,099	20,695
Other operating expenses	9	6,655	7,127
Depreciation and amortisation	11, 12	1,712	1,647
Interest and other finance costs	10	366	299
Total expenditure		30,832	29,768
Deficit before other gains and losses		(633)	(85)
Gain/ (Loss) on disposal of tangible fixed assets		3	(45)
Deficit for the year		(630)	(130)
Remeasurement of net defined benefit pension liability	23	(7,612)	(4,184)
Total comprehensive income for the year	2	(8,242)	(4,314)

WEST SUFFOLK COLLEGE**BALANCE SHEET AS AT 31 JULY 2020**

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	11	33,887	34,026
Intangible assets	12	47	53
Investments	13	-	-
		<hr/>	<hr/>
		33,934	34,079
Current assets			
Stocks		36	24
Debtors	14	2,179	3,111
Investments	15	5,408	5,503
Cash at bank and in hand		2,313	1,784
		<hr/>	<hr/>
		9,936	10,422
Current liabilities			
Creditors: amounts falling due within one year	16	(5,669)	(6,450)
Net current assets		4,267	3,972
Total assets less current liabilities		38,201	38,051
		<hr/>	<hr/>
Creditors: amounts falling due after one year	17	(11,011)	(11,963)
Provisions			
Defined benefit obligations	23	(20,525)	(11,253)
Other provisions	19	(102)	(30)
		<hr/>	<hr/>
TOTAL NET ASSETS		6,563	14,805
Reserves			
Income and expenditure reserve		3,159	11,290
Revaluation reserve		3,404	3,515
		<hr/>	<hr/>
TOTAL RESERVES		6,563	14,805

The financial statements on pages 29 to 61 were approved and authorised for issue by the Corporation on 10 February 2021 and were signed on its behalf on that date by:



E D'Souza
Chair



Dr N Savvas
Accounting Officer

WEST SUFFOLK COLLEGE**STATEMENT OF CHANGES IN RESERVES****FOR THE YEAR ENDED 31 JULY 2020**

	Income and expenditure reserve	Revaluation reserve	Total
	£000	£000	£000
Balance at 1 August 2018	15,494	3,625	19,119
(Deficit) for the year	(130)	-	(130)
Other comprehensive income	(4,184)	-	(4,184)
Transfers between revaluation and income and expenditure reserves	110	(110)	-
Total comprehensive income for the year	(4,204)	(110)	(4,314)
Balance at 31 July 2019	11,290	3,515	14,805
(Deficit) for the year	(630)	-	(630)
Other comprehensive income	(7,612)	-	(7,612)
Transfers between revaluation and income and expenditure reserves	111	(111)	-
Total comprehensive income for the year	(8,131)	(111)	(8,242)
Balance at 31 July 2020	3,159	3,404	6,563

WEST SUFFOLK COLLEGE**STATEMENT OF CASHFLOWS****FOR THE YEAR ENDED 31 JULY 2020**

	Notes	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Operating activities			
Cash generated from operations	20	3,313	1,866
Investing activities			
Interest received	7	45	46
Withdrawal of deposits		4,800	3,400
New deposits		(4,705)	(5,503)
Proceeds from sale of fixed asset		3	5
Purchase of tangible fixed assets		(2,264)	(3,956)
Purchase of intangible fixed assets		(11)	(25)
Deferred capital grants received		-	3,000
		<u>(2,132)</u>	<u>(3,033)</u>
Financing activities			
Interest paid	10	(112)	(124)
Repayments of borrowings		<u>(540)</u>	<u>(548)</u>
		<u>(652)</u>	<u>(672)</u>
Increase / (decrease) in cash and cash equivalents in the year		529	(1,839)
Cash and cash equivalents at beginning of the year		<u>1,784</u>	<u>3,623</u>
Cash and cash equivalents at the end of the year		2,313	1,784

WEST SUFFOLK COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2020

1. ACCOUNTING POLICIES

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

General information

West Suffolk College is a corporation established under the Further and Higher Education Act 1992 as an English General College of Further Education. The address of the College's principal place of business is given on page 19.

The nature of the College's operations are set out in the Governing Body Report.

Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2019 to 2020* and *Regulatory Advice 9 Accounts Direction* issued by the Office for Students and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The financial statements include the College only.

The College has three dormant subsidiary companies, Magna Carta Consultants Limited (Company number 02820332), Suffolk Apprenticeships Limited (Company number 07425615) and Eastern Colleges Group Limited (Company number 12156976). The figures for all three companies are not considered material and have therefore not been included as consolidated financial statements.

1. ACCOUNTING POLICIES continued

On 24 July 2015, the College created Suffolk Academies Trust which is a discrete legal entity created to facilitate a multi academy trust. Currently the Trust has five members of which none are representatives of West Suffolk College and these Members have the authority to appoint and remove Trustees. On that basis, the College does not consider that it controls Suffolk Academies Trust, and therefore the financial statements have not been and will not be consolidated whilst this remains the case. Through its authority the Members of the Trust have appointed 14 Trustees. Of those 14, 10 are Governors of West Suffolk College, 1 is the CEO, and 3 are independent SAT Trustees.

In accordance with Financial Reporting Standard (Section 9) 102, the activities of the student council have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

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 of the Governing Body. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The challenges of the Covid-19 pandemic have increased difficulties, but the College still outperformed its budget plan for the year and has a reasonable expectation of doing so in the 2020/21 year as well.

The College currently has £5.3m of loans outstanding with bankers on various terms (see note 18). The College's forecasts and financial projections which cover the period to 31 July 2022 indicate that it will be able to operate within these existing facilities and covenants for the foreseeable future. The members of the corporation make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the College's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Recognition of income

Revenue grant funding

Government revenue grants are accounted for under the accrual model (as permitted by FRS102) and are recognised where a reliable estimate of the fair value of the asset received or receivable can be made on a systematic basis over the periods in which the related costs for which the grant compensates are recognised.

Adult Education Budget ('AEB') grant funding income is measured in line with best estimates for the year in accordance with the annual main funding guidance published

1. ACCOUNTING POLICIES continued

by the ESFA. Any under achievement of the AEB is usually adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income

but for the 2019/20 year has been included in full following assurances from the ESFA that clawback will not be enacted due to the pandemic support measures. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

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

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

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance related conditions being met is recognised as a liability.

Capital grant funding

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

Other income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Fee income

Income from tuition fees, including employer funding for co-investment funded apprenticeships is recognised over the period for which it is received and stated gross of any expenditure which is not a discount.

Investment income

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

1. ACCOUNTING POLICIES continued

Agency arrangements

The College acts as an agent in distributing 16-18 Bursary support funds from the funding body. Payments received from the funding body and subsequent disbursements to students are excluded from the income and expenditure account of the College where the College does not have control of the economic benefit related to the transaction and are shown separately in note 25, except for 5% of the grant received which is available to the College to cover administration costs relating to the grant, and also lunch and stationery vouchers provided to students for use within the College.

Accounting for post-employment benefits

Retirement benefits to employees of the College are principally provided by Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans 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 projected unit method.

The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Suffolk 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

1. ACCOUNTING POLICIES continued

assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Re-measurement comprising actuarial gains and losses and the return of scheme assets (excluding amounts included in net interest of the defined benefit liability) are recognised immediately in other Comprehensive income.

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.

Tangible fixed assets

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at a valuation carried out in May 1996. 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 reserve on an annual basis.

(a) Land and buildings

Land and buildings are stated at depreciated replacement cost established by independent valuation in May 1996. Land and buildings acquired since May 1996 are included in the balance sheet at cost. Freehold land is not depreciated as it is considered to have an infinite useful life. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. All other buildings are depreciated over their useful economic lives as follows:

Buildings	50 years on a straight line basis
Freehold improvements	8 years on a straight line basis
Freehold improvements with an extended useful life	15 years on a straight line basis
Leasehold improvements	8 years on a straight line basis

Leasehold improvements are depreciated over eight years on a straight line basis unless the lease is due to expire before the depreciation has been fully charged to the income and expenditure account. In such circumstances, the depreciation is charged over the duration of the lease at a higher rate in order to coincide with the life of the lease.

Finance costs, which are directly attributable to the construction of buildings, are not capitalised as part of the cost of those assets.

1. ACCOUNTING POLICIES continued

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

(b) Subsequent expenditure on existing fixed assets

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

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

(c) Equipment

Equipment costing less than £1,000 is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Equipment inherited from the Local Education Authority is included in the balance sheet at valuation but is now fully depreciated.

All equipment is depreciated over its useful economic life as follows:

Plant and machinery	8 years on a straight line basis
Plant and machinery with an extended useful life	20 years on a straight line basis
Office equipment	4 years on a straight line basis
Computer equipment	4 years on a straight line basis
Motor vehicles	4 years on a straight line basis

(d) Buildings under Construction

Buildings in the course of construction are accounted for at cost less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the building to operating condition.

They are not depreciated until they are brought into use.

1. ACCOUNTING POLICIES continued

Intangible fixed assets

Intangible assets are capitalised at cost and are amortised over their useful economic life. Purchased computer software is amortised over 4 years.

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

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 to the Statement of Comprehensive Income.

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

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

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

Investments

The College has a fixed asset investment in the ownership of Magna Carta Consultants Limited, Suffolk Apprenticeships Limited and Eastern Colleges Group Limited which are all currently dormant.

Fixed asset investments are initially measured at cost and subsequently measured at cost less impairment.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand. 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.

1. ACCOUNTING POLICIES continued

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1.3% 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.

1. ACCOUNTING POLICIES continued

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.

Stock

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

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2016 to value the pensions liability at 31 July 2020. 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.

1. ACCOUNTING POLICIES continued

- *Property provision*

The College has made provision for works to be carried out to the Barrack wall to keep it in a safe and good state of repair. This is currently estimated at £25k per year but is kept under review as a phased programme of planned maintenance is implemented.

The College has also made provision for any dilapidation works to be completed at the termination of any leased property agreement.

2. ADJUSTED OPERATING SURPLUS

		Total 2020 £000	Total 2019 £000
Total comprehensive income for the year		(8,242)	(4,314)
Add back: remeasurement of net defined benefit pension liability	23	7,612	4,184
Add back: Non-cash impact of current service pension cost	23	1,406	1,216
Add back: Net interest on defined pension liability	23	254	175
Adjusted operating surplus		1,030	1,261

3. FUNDING BODY GRANTS

	Total 2020 £000	Total 2019 £000
Recurrent grants		
Education and Skills Funding Agency - Adult	2,050	2,159
Education and Skills Funding Agency – 16-18	13,884	13,935
Education and Skills Funding Agency - apprenticeships	4,579	4,464
Higher Education Funding Council	3,430	3,282
Specific grants		
Education and Skills Funding Agency	147	59
Releases of government deferred capital grants	419	303
Teacher Pension Scheme contribution grant	461	-
	24,970	24,202

The figures above include £144k of funding relating to the 2018/19 financial year, which was not confirmed by the ESFA (£38k) / UoS (£106k) until after 31 July 2019. Therefore, this income is included in the 2019/20 financial year.

3. FUNDING BODY GRANTS continued

West Suffolk College acts as a lead partner for certain training funding, some of which is passed on to third parties. The figure above for recurrent grants shows net income earned by the College in its capacity both as a provider and as the lead partner. All other income claimed from the ESFA and payable to third party partners has been excluded from these accounts. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

The 2019 partner figure has been restated to include a net income amount of £61k relating to High Needs funding.

	Total 2020 £000	Total 2019 £000 Restated
Income from Funding Bodies	1,304	1,014
Payments to non-College partners	(1,085)	(862)
Net income	219	152

4. TUITION FEES AND EDUCATION CONTRACTS

	2020 £000	2019 £000
Tuition fees	1,252	1,568
Advance learner loan income	638	658
	1,890	2,226

4a. TOTAL GRANT AND FEE INCOME

	2020 £000	2019 £000
Grant income from the OfS	31	33
Grant income from HE franchised provision	3,399	3,248
Grant income from other bodies	21,540	20,921
Total funding body grants	24,970	24,202
Fee income for taught awards	113	117
Fee income for non-qualifying courses	1,777	2,109
Total tuition fees and education grants	1,890	2,226
Total grant and fee income	26,860	26,428

5. OTHER GRANTS AND CONTRACTS

	2020	2019
	£000	£000
European Funds	355	364
Other grants and contracts	719	600
SCC Additional Learning Needs	934	1,129
	<hr/>	<hr/>
	2,008	2,093

West Suffolk College acts as a lead partner for additional learning needs funding, some of which is passed on to third parties. The figure above for Suffolk County Council (SCC) Additional Learning Needs shows net income earned by the College in its capacity as both a provider and the lead partner. Total income claimed in the year under this type of arrangement and the related payments to partners was as follows:

	2020	2019
	£000	£000
Income from SCC	683	856
Payments to non-College partners	(580)	(728)
	<hr/>	<hr/>
Net income	103	128

6. OTHER INCOME

	2020	2019
	£000	£000
Catering	212	680
Miscellaneous	467	250
Resale materials	20	33
Car park	38	58
Lettings	549	95
	<hr/>	<hr/>
	1,286	1,116

7. INVESTMENT INCOME

	2020	2019
	£000	£000
Interest from bank deposits	45	46
	<hr/>	<hr/>
	45	46

8. STAFF COSTS

	2020 Number	2019 Number
The average number of persons (including key management personnel) employed by the College during the year, expressed as headcounts, was:		
Teaching	256	248
Teaching and other support	204	181
Administration and central services	189	193
	649	622

	2020 Number	2019 Number Restated
The average number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:		
Teaching	213	209
Teaching and other support	156	138
Administration and central services	160	161
	529	508

The average number of persons has been restated for 2019 to include 22 full time equivalent teaching posts

Staff costs for the above persons:	2020 £000	2019 £000
Teaching	9,712	8,872
Teaching and other support	4,732	4,420
Administration and central services	6,148	6,094
Non-cash element of current service cost	1,406	1,216
Restructuring costs – contractual	33	31
Restructuring costs – non contractual	2	-
Miscellaneous	3	1
Apprentice Levy costs	63	61
	22,099	20,695

	2020 £000	2019 £000
Wages and salaries	15,730	15,175
Social Security costs	1,385	1,340
Pension costs	4,701	3,929
Payroll sub-total	21,816	20,444
Contracted out staffing services	185	159
Restructuring costs – contractual	33	31
Restructuring costs – non contractual	2	-
Apprentice Levy costs	63	61
	22,099	20,695

8. STAFF COSTS continued

Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Chief Executive, the Principal of Sixth Form Provision, two Vice Principals, three Group Directors, the Executive Dean of Higher Education and the Clerk to the Corporation and College Secretary. (In 2018/19 this was represented by the Principal, three Vice Principals and the Clerk to the Corporation and College Secretary)

The College does consider AoC Senior Postholders Remuneration data which it uses as a comparator to inform remuneration decisions in relation to senior postholders.

Emoluments of key management personnel and Accounting Officer

	2020 Number	2019 Number
The number of key management personnel including the Accounting Officer was:	9	5

The number of senior post holders 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:

	2020 Number of key management personnel	2020 Number of other staff	2019 Number of key management personnel	2019 Number of other staff
£50,001 to £55,000 p.a.	3	-	-	-
£55,001 to £60,000 p.a.	1	-	1	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	1	-
£80,001 to £85,000 p.a.	4	-	2	-
£130,001 to £135,000 p.a.	-	-	1	-
£145,001 to £150,000 p.a.	1	-	-	-
	9	-	5	-

8. STAFF COSTS continued

There are salary sacrifice schemes in place to provide childcare vouchers and a cycle to work scheme which were used by two of the key management personnel.

For comparison purposes the 5 in 2019 includes a member of the Key management personnel who was employed for part of the year in 2020 and who has now left the College. This post was replaced by a member of staff employed on a temporary part-time contract who if they were employed on a full-time basis would have been included above.

Key management personnel emoluments are made up as follows:	2020	2019
	£000	£000
Salaries	693	429
Benefits in kind	2	2
National Insurance contributions	79	53
Pension contributions	148	84
Total emoluments	922	568

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020	2019
	£000	£000
Salaries	148	131
Pension contributions	34	22
	182	153

There were amounts due to Key management personnel of Nil that were waived in the year (2018/19 £17k)

There has been no cost of living increment awarded to any staff within the year 2019/20.

The remuneration of the accounting officer for 2019-20 was discussed in Dec 2019 by the College's Remuneration Committee. The accounting officer was not involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included: the AoC national salary survey Senior Managers in FE; national salaries by role; regional salaries by role; previous increases; affordability; achievement of all objectives.

A similar approach was used to determine the remuneration of other key management personnel.

8. STAFF COSTS continued

The relationship between the Accounting Officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2020	2019
	No	No
Basic salary as a multiple of median basic salary of staff	5	5
Total remuneration as a multiple of median basic salary of staff	5	5

The calculation is based on the median basic salary of all staff as at 31 March 2020 (2020) and 31 March 2019 (2019) and excludes any agency workers.

Governors' remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and CEO and staff members under contracts of employment and not in respect of their roles as Governors. The other members of the Corporation did not receive any payments from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

During the year total expenses of £790 (2019 £912) were paid to or on behalf of 3 (2019 3) Governors in respect of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

9. OTHER OPERATING EXPENSES

	2020	2019
	£000	£000
Teaching costs	2,670	2,938
Non-teaching costs	2,186	2,484
Premises costs	1,799	1,705
	6,655	7,127

Deficit is stated after charging/(crediting):

Fees payable to RSM UK LLP in respect of both audit and non-audit fees:

Audit of College	29	25
Other assurance services	3	1
Other non-audit services	-	4
Internal audit	24	22
Hire of assets under operating leases – land and buildings	166	121
Hire of assets under operating leases – other	89	190
Operating lease rentals received	(540)	(88)
Gain / (loss) on disposal of non-current fixed assets	3	(45)

10. INTEREST AND OTHER FINANCE COSTS

	2020 £000	2019 £000
Interest on bank loans	112	124
Net interest on defined pension liability (Note 23)	254	175
Total	366	299

11. TANGIBLE FIXED ASSETS

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Cost or valuation				
At 1 August 2019	43,025	4,001	5,954	52,980
Additions	162	831	563	1,556
Reclassify assets	4,707	(4,832)	125	-
Disposals	-	-	-	-
At 31 July 2020	47,894	-	6,642	54,536
Depreciation				
At 1 August 2019	15,491	63	3,400	18,954
Charge for the year	811	324	560	1,695
Reclassify assets	358	(387)	29	-
Elimination in respect of disposals	-	-	-	-
At 31 July 2020	16,660	-	3,989	20,649
Net book value at 31 July 2020	31,234	-	2,653	33,887
Net book value at 31 July 2019	27,534	3,938	2,554	34,026

Included within land and buildings is freehold land of £4,912,715 (2019 £4,912,715) which is not depreciated.

11. TANGIBLE FIXED ASSETS continued

All assets are carried at depreciated historical cost with the exception of inherited assets which are carried at depreciated replacement cost. The inherited assets were re-valued by an independent firm of Chartered Surveyors in May 1996 and their current net book value is £3.7m (2018/19 £3.8m).

Suffolk County Council (who are the legally accountable body for the New Anglia LEP) hold a legal charge over the ownership of the STEM site and buildings which are owned by West Suffolk College. This charge would become payable if the College was found to be in breach of any terms of the grant agreement. The Corporation considers that these circumstances are unlikely to arise.

12. INTANGIBLE FIXED ASSETS

	Software	Total
	£000	£000
Cost or valuation		
At 1 August 2019	78	78
Additions	11	11
At 31 July 2020	89	89
Amortisation		
At 1 August 2019	25	25
Charge for the year	17	17
At 31 July 2020	42	42
Net book value at 31 July 2020	47	47
Net book value at 31 July 2019	53	53

13. NON-CURRENT INVESTMENTS

	2020 £000	2019 £000
Investments at cost	-	-

The Corporation owns 100% of the issued ordinary share capital of Magna Carta Consultants Limited which is registered in England and Wales, at a cost of £2. The principal activity of Magna Carta Consultants Limited was the provision of education and training although it is not currently actively trading.

The Corporation owns 100% of the issued ordinary share capital of Suffolk Apprenticeships Limited which is registered in England and Wales, at a cost of £2. The principal activity of Suffolk Apprenticeships Limited was the provision of temporary and fixed term staff to third parties. Suffolk Apprenticeships Limited is not currently actively trading.

The Corporation owns 100% of the issued ordinary share capital of Eastern Colleges Group Limited which is registered in England and Wales, at a cost of £2. The principal activity of Eastern Colleges Group Limited was to collaborate with third parties in the delivery of high-quality educational support services. Eastern Colleges Group Limited is not currently actively trading.

14. DEBTORS	2020 £000	2019 £000
Amounts falling due within one year		
Trade debtors	284	260
Other debtors	7	9
Prepayments and accrued income	1,199	1,979
Amounts owed by the ESFA	663	863
Amounts owed by UoS	26	-
	<hr/> 2,179	<hr/> 3,111

15. CURRENT ASSET INVESTMENTS

	2020	2019
	£000	£000
Amounts falling due within one year		
Short term deposits	5,408	5,503
	<hr/>	<hr/>
	5,408	5,503

Deposits are held with banks operating in the London market and licensed by the Financial Conduct Authority and are more than three months from acquisition. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£000	£000
Bank loans (note 18)	543	540
Trade payables	1,205	1,170
Sundry creditors	407	428
Other taxation and social security	409	352
Accruals and deferred income	2,135	2,949
Amounts owed to – the ESFA	561	470
Amounts owed to – University of Suffolk	-	122
Deferred income – government capital grants	409	419
	<hr/>	<hr/>
	5,669	6,450

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£000	£000
Bank loans (note 18)	4,767	5,310
Deferred income – government capital grants	6,244	6,653
	<hr/>	<hr/>
	11,011	11,963

18. MATURITY OF DEBT

Bank Loans

	2020 £000	2019 £000
Bank loans repayable within 1 year	543	540
Bank loans repayable between 1 and 2 years	548	542
Bank loans repayable between 2 and 5 years	1,679	1,662
Bank loans repayable in more than 5 years	2,540	3,106
	5,310	5,850

The College has three loans outstanding:

A loan of £3.5m of which £1.937m remains outstanding; this loan attracts interest of Libor plus 1.5% and is repayable in equal instalments to end in 2028.

A loan of £2.5m of which £1.528m remains outstanding; from July 2019 this loan attracts interest at a fixed rate of 1.422% and is repayable in equal instalments to end in 2030.

A loan of £3.5m of which £1.845m remains outstanding; this loan attracts interest at a fixed rate of 2.345% until 2022 and is repayable no later than 30 December 2030.

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapidations on leased properties £000	Barrack Wall £000	Total £000
At 1 August 2019	5	25	30
Transfer from income and expenditure account	60	25	85
Expended in the period	-	(13)	(13)
Provisions for Liabilities and Charges at 31 July 2020	65	37	102

Provision was made for works to the grade 2 listed barrack wall that surrounds the copse at the main site. As a listed structure, the College has an obligation to keep it in a safe and good state of repair. Extensive works have been carried out in 2019 and further work originally planned for 2020 has been delayed until 2020/21.

Provision was also made for dilapidations on leased properties at Ipswich and Sudbury. The Ipswich provision is based on a schedule of dilapidations from the landlord provided when the lease terminated in June 2020. The Sudbury dilapidation provision is based on 5% of rental costs each year up to a maximum of 10 years to provide for dilapidation costs on termination of lease.

20. NOTES TO CASH FLOW STATEMENT

	2020	2019
	£000	£000
(Deficit)	(630)	(130)
Adjustment for:		
Depreciation and amortisation	1,712	1,647
Investment income	(45)	(46)
Interest payable	366	299
(Gain)/ loss on sale of fixed assets	(3)	45
Increase/ (decrease) in provisions	72	(47)
Pensions costs less contributions payable	1,406	1,216
Operating cash flow before movements in working capital	2,878	2,984
(Increase) / decrease in stocks	(12)	1
Decrease/ (increase) in debtors	932	(1,482)
(Decrease) / increase in creditors	(485)	363
Cash generated from operations	3,313	1,866

21. CAPITAL AND OTHER COMMITMENTS

	2020	2019
	£000	£000
Contracts for future capital expenditure not provided	123	984

22. COMMITMENTS UNDER OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£000	£000
Payments due:		
Land and Buildings		
Less than one year	108	94
Between one and five years	298	60
After five years	157	-
	563	154
Other		
Less than one year	69	108
Between one and five years	76	39
After five years	1	-
	146	147

22. COMMITMENTS UNDER OPERATING LEASES continued

At 31 July the College had contracted with tenants under non-cancellable operating leases, for the following future minimum lease payments:

Receipts due:	2020	2019
	£000	£000
Land and Buildings		
Less than one year	121	540
Between one and five years	320	361
After five years	1,200	1,280
	<hr/>	<hr/>
	1,641	2,181

23. RETIREMENT BENEFITS

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 Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are multi-employer defined benefit plans.

Total pension cost for the year	2020	2019
	£000	£000
LGPS: Contributions paid	1,781	1,682
LGPS: FRS102 (28) charge	1,406	1,216
	<hr/>	<hr/>
Charge to the Statement of Comprehensive Income	3,187	2,898
Teachers' Pension Scheme: contributions paid	1,514	1,031
	<hr/>	<hr/>
Total Pension Cost for Year within staff costs	4,701	3,929

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

An amount of £404,268 (2019 £311,495) was payable for pension contributions at 31 July and has been included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan, so it is accounted for as a defined contribution plan.

23. RETIREMENT BENEFITS continued

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2020 onwards (compared to 16.48% during 2019/20). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The next valuation result is due to be implemented from 1 April 2023.

DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The pension costs paid to TPS in the year amounted to £1,514,000 (2019: £1,031,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Suffolk County Council. The total contributions made for the year ended 31 July 2020 were £2,262,100 of which employer's contributions totalled £1,781,388 and employees' contributions totalled £480,712. The agreed employer contribution rates for future years are 22.7% for employers currently and range from 5.5% to 12.5% for employees depending on their salary according to a national scale.

23. RETIREMENT BENEFITS continued

Principal Actuarial Assumptions

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

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries	2.8%	2.7%
Future pension increases	2.1%	2.4%
Discount rate	1.4%	2.1%
Inflation assumption (CPI)	2.1%	2.4%
Commutation of pensions to lump sums (pre-April 2008 service)	25%	25%
Commutation of pensions to lump sums (post April 2008 service)	63%	63%

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

	At 31 July 2020	At 31 July 2019
<i>Retiring today</i>		
Males	21.9	21.3
Females	24.1	23.5
<i>Retiring in 20 years</i>		
Males	22.7	22.3
Females	25.6	24.9

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

	Fair value at 31 July 2020 £000	Fair value at 31 July 2019 £000
Equities	25,979	22,596
Bonds	12,094	11,519
Property	4,031	9,747
Cash	2,687	443
Total fair value of plan assets	44,791	44,305
Actual return on plan assets	2,768	2,708

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

	2020 £000	2019 £000
Amounts included in staff costs		
Current service costs	3,407	2,753
Past service costs	(264)	134
	3,143	2,887

23. RETIREMENT BENEFITS continued

	2020 £000	2019 £000
Amounts included in interest costs		
Net interest costs	254	175
	254	175

Amount recognised in Other Comprehensive Income

Return on pension plan assets	1,821	(1,564)
Changes in assumptions underlying the present value of the plan	5,791	5,748
	7,612	4,184

Movement in net defined benefit liability during year

	2020 £000	2019 £000
Net defined benefit liability in scheme 1 August	(11,253)	(5,678)
Movement in year:		
Current service cost	(3,407)	(2,753)
Past service cost	264	(134)
Employer contributions	1,737	1,671
Net interest on the defined liability	(254)	(175)
Actuarial gain	(7,612)	(4,184)
Net defined benefit liability at 31 July	(20,525)	(11,253)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	2020 £000	2019 £000
Defined benefit obligations at start of period	55,558	45,838
Current service cost	3,407	2,753
Past service cost	(264)	134
Interest cost	1,201	1,319
Employee contributions	475	459
Actuarial loss / (gain)	5,791	5,748
Benefits paid	(852)	(693)
Liabilities at 31 July	65,316	55,558

Changes in the fair value of plan assets

	2020 £000	2019 £000
Fair value of plan assets at start of period	44,305	40,160
Interest on plan assets	947	1,144
Return on plan assets	(1,821)	1,564
Employer contributions	1,737	1,671
Employee contributions	475	459
Benefits paid	(852)	(693)
Assets at 31 July	44,791	44,305

23. RETIREMENT BENEFITS continued

These accounts include a past service cost 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. The calculation of adjustment to past service costs arising from the outcome of the Court of Appeal judgment is based on 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%.

24. 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.

At 31 July 2020, Magna Carta Consultants Limited owed £122,958 (2019 £122,958) to West Suffolk College. This balance has been fully provided against in both 2020 and 2019. Magna Carta Consultants Limited is a wholly owned dormant subsidiary of West Suffolk College.

At 31 July 2020, Suffolk Academies Trust (SAT) is deemed a related party as 11 of West Suffolk College Governors sit on the board of SAT. There are various service level agreements in place between the two entities all of which are conducted at an arm's length basis and these are set out below for 2019/20:

24. RELATED PARTY TRANSACTIONS continued

Provision to SAT by West Suffolk College of CEO, CFO and Clerk £71,000; support services to Abbeygate Sixth Form College £128,000; rental of One premises £80,000; rental of The Gateway premises £460,000.

Provision to West Suffolk College by SAT support services £29,000.

At 31 July 2020 there was a balance of NIL owed to West Suffolk College by SAT and there was a balance of £7,500 owed by West Suffolk College to SAT.

The College also has a 100% wholly owned subsidiary company called Eastern Colleges Group Limited which is dormant. This company has been created in anticipation of further opportunities being made available to the College to work in collaboration with third parties in the delivery of high-quality educational support services.

25. AMOUNTS DISBURSED AS AGENT

Adult Discretionary Support	Year ended 31 July 2020 £000	Year ended 31 July 2019 £000
Funding body grants – bursary support	375	315
Funding body grants – vulnerable	42	39
Funding body grants – free school meals	-	-
Funding body grants – advanced learner loan	88	61
Funding body grants – recycled funds from previous year	54	10
	<hr/>	<hr/>
	559	425
Disbursed to students	(246)	(248)
Disbursed to third party	(48)	-
Amount included as income in SOCI	(28)	(110)
Administration costs	(21)	(21)
	<hr/>	<hr/>
Balance unspent at 31 July, included in creditors	216	46

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

26. ACCESS AND PARTICIPATION PLAN

	2020 £000
Access investment	2
Financial support provided to students	-
Support for disabled students	1
Investment in Success and Progress	1
Research and evaluation related to access and participation	-
	<hr/>
	4

26. ACCESS AND PARTICIPATION PLAN continued

2019/20 was the College's first year with direct funded status and an associated OfS-approved Access and Participation plan (A&P Plan). The objectives of the plan were focussed on a commitment to spend 36% of all higher fee income in supporting the objectives of the A&P Plan. When the plan was finalised prior to 2019/20 this was expected to equate to an investment of £48k which represented the 36% target of higher fee income.

Actual courses and numbers of students in the higher fee band were significantly lower than planned for in the A&P Plan during 2019/20 and with higher fee income for the year only totalling £6,840, the total investment above represented 62% of higher fee income which is significantly higher than the target set of 36%. No students applied or were eligible for financial support and the total spend on Access and Participation was £4,238 excluding allocation of central overheads.

As the volume of direct funded students in higher fee bands increases, the investment figures will also increase.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF WEST SUFFOLK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement, in accordance with the terms of our engagement letter dated 25 June 2019 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by West Suffolk College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") 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 has other assurance arrangements in place.

We are independent of the West Suffolk College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

Responsibilities of Corporation of West Suffolk College for regularity

The Corporation of West Suffolk College is responsible, under the grant funding agreements and contracts with the ESFA and 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. The corporation of West Suffolk College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

Reporting accountant's responsibilities for reporting on regularity

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 ACoP.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas

where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

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

RSM UK Audit LLP

RSM UK AUDIT LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Date: 24 February 2021