

THE SIXTH FORM COLLEGE, COLCHESTER

Annual Report and Financial Statements for the year ended 31st July 2021



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Key Management Personnel, Corporation Members and Professional Advisors

Key Management Personnel

Key management personnel are defined as the members of the College's Senior Management Executive Group and were represented by the following in 2020-21 year:

Ian MacNaughton- Principal and Accounting Officer

Assistant Principals:

Jo Cadman, Adrian Frost, Jan Harker, Anne Johnson, Graham Rayner (and also on the Senior Management Executive Group, Senior Manager for HR and Administration- Sarah Williams).

Corporation Members

A full list of Governors is given on pages 16, 17 and 18 of these financial statements.

Mrs. Tina Johnson acted as Clerk to the Corporation throughout this period.

Professional Advisers

**Financial statement auditor and
regularity reporting accountant:**

Scrutton Bland LLP
820 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

Bankers:

Lloyds Bank plc
1 Legg Street
Chelmsford
Essex
CM1 1JS

Solicitors:

Birkett Long
1 Amphora Place
Sheepen Road
Colchester
CO3 3WG

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Report of the Corporation

NATURE, OBJECTIVES AND STRATEGIES

The members of the Corporation present their annual report including the audited financial statements for the year ended 31 July 2021.

LEGAL STATUS

The Corporation, which is the College's Governing Body, is a corporate body established under the Further and Higher Education Act 1992, for the Charitable purposes of advancing education. The Sixth Form College Colchester is the means through which the Corporation, as an exempt charity, carries out its charitable purposes.

The Corporation is an exempt charity under the provisions of the Charities Act 2011. As an exempt charity the Corporation is not registered with the Charity Commission, but is directly regulated by the Secretary of State for Education. The Memorandum of Understanding between the DfE and the Charity Commission, details how they work together to facilitate the effective regulation of Corporations and their collective commitment to ensuring Corporations comply with relevant charity law.

MISSION

The College's mission is to provide suitably qualified 16 to 19 year olds wishing to pursue full time academic general education in the Colchester area with a supportive and inclusive environment, in which they are able to acquire the necessary qualifications, talents and skills vital for success in adult life.

VISION

Our vision is to be the first choice for these students and to deliver to them the highest level of quality educational experience, the broadest possible curriculum, and the strongest pastoral and enrichment support that is possible within the resources available.

PUBLIC BENEFIT

The Corporation is an exempt charity under the provisions of the Charities Act 2011. Operating one or more sixth form colleges is the means through which the corporation, as an exempt charity, carries out its charitable purposes.

The members of the Corporation, who are trustees of the charity, are disclosed on pages 16,17 and 18.

In delivering its mission, the college provides identifiable benefits to the public through the **advancement of education** to over 3000 students. The College is an inclusive provider and delivers a full-time education without charge to young people.

In setting and reviewing the College's strategic plan and 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. The delivery of public benefit is demonstrated in the College's Mission statement and throughout this report.

IMPLEMENTATION OF STRATEGIC PLAN

During 2020/21 the impact of Covid and the first period of lockdown was reflected within the achievement of the College's Strategic Priorities and Plan.

The Government / DfE gave notice that it "will not be holding colleges to account on the basis of exams and assessment data from summer 2020 and that data will not be used by others, such as Ofsted and local authorities, to hold colleges to account". The future shape of external accountability and validity of internal measures is therefore uncertain. However, the College remains committed to its mission of enabling all students to fulfil their potential.

There were increasing concerns about the impact of the pandemic on young people's education and their mental and physical wellbeing. The wellbeing of College staff and other stakeholders was also recognised as being fundamental to the future success of the College. In a recovering pandemic world there are likely to be greater demands and pressures on Government spending and the College may need to be increasingly flexible in determining and achieving priorities which will need to be centred on 'affordable quality'. The College is committed to ensuring the health, safety and wellbeing of all in our community and compliance, where practicable, with Government requirements, guidelines and frameworks.

It therefore seemed appropriate to partly rollover the 2019/20 priorities, but with some Coronavirus related adjustments, with the aim of seeing the College through the pandemic and its aftermath, continuing to prioritise the quality of the educational experience.

The key financial priorities were identified as:

- 1. Maintain the financial health and resource strength of the College in the context of scarce resources and the pressures of the additional factors relating to Coronavirus. Where possible make efficiency and productivity gains to enable the College to maintain financial wellbeing, whilst sustaining strong performance and the Mission into the future.**
 - (a) Continue to lobby Government and other stakeholders for increased long-run levels of recurrent and capital funding and adequate levels of resources to meet short-term pressures arising from Coronavirus.**
 - (b) Continue to increase the local market share, in relation to levels of enrolments, to maximise future income potential – within the context of the Mission and the changing demographics of the local age cohort and Coronavirus related circumstances.**

The progress of the achievement of these key priorities is summarised as follows:

Prudent budgeting and cost control have enabled the College to generate an in-year cash-based operating surplus and the development of the 3 year Financial and Business Plan reviews curriculum offering, staffing levels and enrolment targets to ensure the long-term financial sustainability of the college.

Lobbying of government and its agencies is ongoing. Funding rates per student increased in the 2020/21 year by 4.7%. However, concerns remain re the Increase in Employers Contributions to Teachers Pensions from Sept 2019, currently covered by a grant from the ESFA but not guaranteed. The College has therefore anticipated the need to plan for a deficit budget for the academic year 2021/22.

The College recruited well above target in September 2020 – approx. 140 students and received in year growth funding equivalent to 35 extra students, at the full funding rate.

The remaining Strategic Priorities for 2020/21 year and the achievement of these priorities is as follows:

2. Provide a good quality of education experience to all students, including supporting remote learning in the current Coronavirus context - and continue to aim for long-run improvements:

Lesson observations focussed on the implementation of blended learning strategies and ensuring quality of delivery remotely and in person – feedback indicated that a range of quality, creative approaches were being implemented using assisted technologies, as appropriate. The College made laptops available to students without facilities at home – over 100 laptops being issued.

Destination data remained very strong and well above national benchmarks – College leavers data and HESA data (College students progressing through HE). Sustained improvements in student performance – Pass Rates and Value Added. Very strong in year retention and progressions rates - 97%.

3. Provide students with high quality information, advice and guidance, pastoral and academic support and a range of appropriate student services, from application to exit. Including a focus on Safeguarding (emotional and physical wellbeing and mental health), Prevent, work-related learning and preparation for progression (Employment, Training, HE, FE – in line with the eight Gatsby benchmarks) and adult life. This will require short-term adjustments in the context of Coronavirus.

100% of applicants were interviewed – by telephone. As part of the application and interview process all prospective students' progression aims are taken into account and are used to inform coursing options and decisions. In spite of Covid difficulties and challenges, students continued to benefit from strong pastoral care and an extensive Personal Development and Careers programme.

4. Develop information and support systems to build efficiencies in delivering all activities, including teaching and learning arrangements (including enhancing remote learning), student support services and administration (with greater emphasis on independent learning, peer support and mentoring and use more effective methods of communication with parents, carers and prospective students). Ensure systems data protection requirements.

A wide and varied use of IT is used to enhance teaching and learning – good practice shared through the teaching and learning group and ILT working party. Greater emphasis on staff training and use of assisted technologies in teaching and learning – particularly remote activities in response to Covid – roll out of Teams for teaching and learning (remotely and in person) and for communications with parents/carers and the wider College community e.g. parents' consultation evenings were held via Teams.

5. Ensure outreach work and engagement with partners (schools, colleges, HE Institutions, membership and government agencies) is effective and productive and is focussed clearly on supporting the interests of the College and its community, whilst recognising the increasing scarcity of resources.

The College continues to work with a wide range of members of the wider community – Schools (through NEETSA and CTTC – now Alpha Trust), Universities and other Sixth Form Colleges. Relationships and activities are focussed on securing improvements in outcomes for students. There is a recognition of the increasing role of 'on-line' facilities to maintain these activities through the Covid pandemic and beyond (with associated cost and time implications)- College induction 2021, for example, once again took place 'on-line'.

FINANCIAL OBJECTIVES

The Corporation approved a financial plan in July 2021 which sets objectives for the period to 2022. The College's 2 year Financial Plan for 2021-23 is to maintain a Financial Health grade of at least "Good" under the ESFA Financial Plan methodology, based upon the following main financial indicators as shown in the table below.

In the context of a further significant reduction in the level of real terms resourcing in the period to 2023, the 2 year Plan sets out the strategies to reduce costs accordingly so that the Financial Objectives are maintained during the plan period.

As a consequence of reductions in funding income per student, the staff costs to gross income ratio will be above 75%, (in the context that the College "directly employs" staff for the provision of support services rather than contracting out to external companies).

In July, the College Financial Forecast Return was submitted to the ESFA which reported a college self-assessed grade of "Good" for the period to 31st July 2023.

PERFORMANCE INDICATORS

Key Performance Indicator	Measure/Target	Actual for 2020/21
Operating surplus/sector EBITDA as % of income	Range 3% to 5%	4.85%
Staff costs as % of income	75% or lower	81.31%
Cash days in hand/liquidity (adjusted current ratio)	Current Ratio of at least 2:1	4.14
Borrowing as % of income	Continue to fall to zero.	0.00%
Financial Health Score	Good	Outstanding self-assessed as Good

Four of the Key Performance Indicators were achieved. The staff costs percentage is aspirational rather than a budgeted target.

The latest ESFA Finance Record (completed July 2021) gave the College a Financial Health grade of "Outstanding" for the 2020-21 year. The Financial Health Score was self-moderated by the College from Outstanding to Good, due to the abnormal circumstances during the year; "Good" is a better reflection of the current position and is in line with past and future financial health assessments.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website (suspended for 2019/20 and 2020/21 in relation to Covid 19 circumstances) which looks at measures such as achievement rates. Students continue to prosper at the College, as evidenced by the most recent Ofsted report (2018). Overall Success rate was 85% for 2020/21 (84% in 2019/20 and 88% in 2018/19. The slight decrease from 2018/19 is primarily as a result of changes to the calculation methodology for 2-year, linear A levels).

FINANCIAL POSITION

Financial results

The College financial statements for the year show an operating deficit of £(485K); (2019/20 – deficit of £871K), due mainly to the Local Government Pension Scheme (LGPS) operating charge of £596K for the year (2019/20 £418k).

An Actuarial gain of £1,694K (2019/20 loss of £1,321K) resulted in Net Comprehensive Income Surplus of £1,209K for the year (2019-20 Net Deficit £2,192K).

The College's accumulated total reserves have increased from £4,385k to £5,594k (mainly due to the LGPS actuarial gain £1,694k and the FRS102 (28) operating charge £686k).

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. The ESFA (and other grant-funding bodies) provided 96% of income for the college during the year.

Treasury Management and Liquidity

Surplus cash reserves are placed on term deposit. Short term borrowing for temporary revenue purposes is authorised by the Principal. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement of the ESFA. Cash at Bank and In-Hand at year-end stood at just under £4million. Due to low interest rates the majority of the cash was held in a short-term (ie under 90 days) current or deposit account.

Cash Flows

The statement of cash flows shows that the net cash flow generated from operating activities was £1,054k.

Reserves

The Corporation recognises the importance of reserves in the financial stability of any organisation and the need to ensure that there are adequate reserves to support the College's core activities. The Treasury Management policy 2021-2023 and the Financial Regulations detail the management arrangements in place to manage cash flows, banking arrangements and the risks associated with these arrangements.

As at the balance sheet date the Income and Expenditure reserve stands at £2.3 million.

STUDENT NUMBERS

The 16-18 Learner grant allocation for 2020-21 year was based upon an allocated funded target student number of 3,004. The actual student number enrolled, as per the R04 Individual Learner Record data returned to the ESFA, December 2020 was 3,097. The ESFA recurrent funding allocation for 2021-22 year is adjusted accordingly as a "lagged funding" system is used.

CURRICULUM DEVELOPMENTS

The College curriculum is essentially academic in nature, catering for 16-19-year-old students who require a full-time course and is predominately made up of two distinct programme elements. The first programme is A level in which students construct an individual course from more than 50 A level (or equivalent) subjects available. Approximately 95% of our students follow this programme. The second programme element of the College curriculum is the Advanced Foundation Programme which is aimed at students with modest GCSE grades.

In addition to these two academic programmes all students have access to an extensive range of 'Additional Studies' options, a Tutorial programme which includes health education, safeguarding, British values, citizenship, progression and employability elements, and also a varied extra curricula programme.

FUTURE DEVELOPMENTS

The 2011-21 period has seen severe cuts in the real level of unit recurrent funding allocations from Government for 16-18 students undertaking full-time 16-19 general education in the School and College sectors in England and also even more significant levels of unfunded cost increases. The 2021/22 year is likely to see real terms resourcing per student at the 2020/21 level. Whilst in August 2021 the Government announced potential improvements to student resourcing levels the overall impact of these proposals is likely to be constrained due to additional unfunded students (DfE lagged funding model). In addition, there are substantial additional costs and losses of income arising from Covid-19.

Alongside this, between 2014 and 2020 there was a demographic dip in the 16-18-year olds age cohort in England. The College experienced a decline in enrolment - but less than proportionally i.e. the College managed to increase 'market share' re 16-18 general education in the local area.

A demographic boom for the 16-18 cohort is now underway for the period 2020 to 2032.

Consequently in 2020/21 the College again, increased its 'market share' continuing the rising trend in the number of applications received in recent years. Enrolments for the 2020/21 year were 5% up, with a further 7% increase in enrolments for the 2021/22 year.

The DfE is planning to reduce the breadth of curriculum choice available to 16-19 year-olds over the next few years, to a binary system of A level or Technical / Vocational skills qualifications. This will not significantly impact the College's curriculum provision, which largely caters for young people who wish to continue general academic studies and progress on to HE.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk management is integrated into all College systems. Areas of risk are checked regularly and controls are in place to ensure that risks are reduced to a level that is acceptable to the College. A number of senior management teams are involved in controlling risk and ensuring that the Principal, the Risk Management Group, the Chair of the Corporation and the Corporation's Audit Committee are informed of any significant risks.

The Disaster Recovery Strategy is updated annually with the aim of attempting to ensure a robust response to any potential situation. The College continues to attempt to raise awareness amongst all employees of the need for the management of business risk. We feel that each of these aims has been achieved.

RISK MANAGEMENT 2020/2021

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

The College has continued to monitor risks in the seven key areas [Governance, Management, Academic, Financial, Human Resources, Business Facilities, Business Systems and Information Technology]. The Risk Management Policy and the Risk Management Action Plan were revisited in September 2021. The College Senior Management Executive has adopted the role of the Risk Management Group and its responsibilities are clearly defined in the policy.

During the year, the College continued to use a mathematical scoring system to categorise risks in terms of both their gross [before controls] and their net [after controls] risk to the College. Net risks are then summarised as Significant [score of 12+], Contingency [9-11], Housekeeping [6-8] and Low [less than 6]. The College had no Significant Net Risks and only four Contingency Net Risks. All risks are listed in the risk register.

Performance - Issues arising from the summer 2021 review

1. Work on finalising a new format of the board assurance framework commenced. No issues were identified in the completeness of risks being reported, however format changes were identified to further enhance the recording and reporting of risks to the Corporation.
2. There were no significant risk areas
3. Each risk was monitored and managed by responsible groups or individuals within the College, with the support of lead governors where applicable. These monitoring arrangements were reflected in the Risk Register.
4. All actions/deadlines were achieved
5. The contingency risk relating to Government funding of 16-19-year-old students at the College is linked to changing Government priorities, strategies and budgets and is a major risk faced by the College. The College places considerable reliance on continued government funding. In 2020/21, 95% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. Revisions to ESFA funding methodology were put in place from September 2013 and further ongoing cuts in real terms funding continue to reduce the recurrent income of the College significantly. The College has been monitoring the situation and staff and Governors have been kept well informed. At the moment it is clear that the College continues to be able to function and manage its finances within these strictures, in a business sense, although the nature of educational offering and delivery continues to be threatened. The College can do very little to mitigate this risk, but budgetary controls are in place and savings have been made wherever possible, whilst ensuring that the College is rigorous in delivering high quality education and training. Student recruitment continues to be extremely buoyant in relative terms as the College has increased its 'market share'.

The remaining three contingent risks relate to Failure to deploy staff effectively and efficiently, issues arising from adverse local, regional or national publicity and Failure to provide adequate student support and appropriate management and monitoring of these risks are also in place, and all of these contingent risks are reviewed on a regular basis by management through the Senior Management/Risk Committee and by the Audit committee and at least annually by the Board

6. Covid-19 has not, and does not, in itself pose an existential risk to the College but the pandemic has led to significant operational challenges. Rather than having a Risk category of its own, Covid-19 has been incorporated into existing Risks (e.g. 'failure to effectively deploy staff' or 'serious breach of Health and safety legislation') and been mitigated and rated.

Summary

The risks faced by the College are well controlled and constantly monitored. A new board assurance framework is being developed to further enhance the reporting of risks by management through to the audit committee and Corporation. We envisage few, if any, changes to the scoring or ordering of the risks for the next academic year. This exercise has not raised any concerns over the completeness of the Risk Register, no further risks have been identified that would be required to be added to this document

The risks faced by the College are well controlled and constantly monitored. Although a new board assurance framework is being developed, we envisage few, if any, changes to the scoring or the ordering of the risks for the next academic year.

RESOURCES

Reputation

The key resource that the College can deploy to achieve its strategic objectives is to maintain its outstanding reputation locally and nationally. Maintaining a quality brand is essential for the College's success in attracting students and building external relationships.

Maintain adequate funding of pension liabilities

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

This risk is mitigated by an agreed deficit recovery plan with the Essex Pension Fund.

Financial viability of the College

As described within the financial objectives section of this report, the latest ESFA Finance Record (completed July 2021) gave the College a Financial Health grade of "Outstanding" for the 2020-21 year, which was self-moderated to Good, due to the abnormal circumstances during the year.

The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending, whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

The College has £2.03 million of net current assets (including Cash & Investments of £4.0 million). Total Net Assets of £5.59 million (after deducting a pension liability of £5.3 million).

People

The college employs 248 people (expressed as full-time equivalents) (2019-20: 244) of whom 152 are teaching staff (2019-20: 149).

Trade Union Facility Time

Number of employees who were relevant union officials during the relevant period	FTE Employee Number
3	3.0

Percentage of time spent on trade union activities	Number of employees
0%	-
1 – 50%	3
51 – 99%	-
100%	-

Total cost of facility time	£4,258
Total pay bill	£10,503,000
Percentage of total bill spent on facility time	0.03%

Time spent on paid trade union activities as a percentage of total paid time facility	0%
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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 target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2020 to 31 July 2021, the College made weekly payment runs to ensure that all invoices were paid within 30 days. The College incurred no interest charges in respect of late payment for this period.

STAKEHOLDER RELATIONSHIPS

In line with other education providers, the Sixth Form College, Colchester has many stakeholders. These include:

- its students, parents and carers
- education sector funding bodies and regulators
- its staff and their trade unions
- Colchester Borough Council and Local Enterprise Partnerships
- the wider college community including past students
- local community
- other FE institutions
- FE Commissioner
- partner and other local secondary schools – future students
- professional bodies

EQUALITY AND DIVERSITY AND EMPLOYMENT OF DISABLED PERSONS

The College is a diverse, international and multicultural community. The Corporation is committed to ensuring equality of opportunity for all who learn and work at the College and to providing a safe and secure environment for all its staff, students and visitors. Promotion of equality and diversity features prominently in college life.

The College respects and values diversity in respect of race, ethnicity or national origin, gender, religion and belief or none, socio-economic background, gender variance, marital status or family circumstances, pregnancy and parenthood, political opinions and affiliations, physical attributes or appearance, disability, sexual orientation and age.

The College treats students, staff, applicants, parents / guardians and members of the wider college community with dignity, respect and fairness. The College provides an inclusive, personalised learning environment in which students are treated solely on the basis of their merits, abilities and potential and are valued as individuals. The College expects all members of the College community to play their part in this endeavour.

The Equality Act 2010 (Specific Duties) Regulations 2011, requires public bodies to publish relevant, proportionate information demonstrating compliance with the Equality Duty and to set themselves specific, measurable equality objectives.

In accordance with its Public Sector Equality Duties, the Corporation undertakes an annual review of the College's progress towards meeting its equality objectives, and receives reports from college management demonstrating that it gives due regard to the aims of the general equality duty, as-described within the Equality Act 2010, including the need to;

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between different groups
- Foster good relations between different groups

The Equality and Diversity Policy, annual Equality & Diversity Monitoring Reports and the Equality Objectives are published on the website

The College considers all employment applications from disabled people, bearing in mind the aptitudes of the individuals concerned and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

The College provides training, career development and opportunities for promotion, irrespective of disability and also provides extensive Equality & Diversity related training, including an online accredited course, for all staff

DISABILITY STATEMENT

The College seeks to achieve the objectives set down in the Equality Act 2010 and is committed to challenging negative attitudes about disability and accessibility.

The College welcomes all students, including those with a disability or learning support need providing they meet the normal admissions criteria and that the College can offer an appropriate programme of study, together with the right facilities and support.

The College's Special Educational Needs and Disability policy, reviewed and approved July 2021 by the Corporation, takes into account the requirements of the Special Educational Needs and Disability (SEND) Code of Practice, the Special Educational Needs and Disability Regulations [2014] and relevant sections of the Children and Families Act 2014. The Policy is published on the college website.

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

The specialist Learning Support team monitors, advises and arranges support where necessary for students with disabilities and there are a number of student support assistants who can provide a variety learning support. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties/disabilities.

The review of the whole college accessibility plan 2021 -2025 was approved by the Corporation during the year. The accessibility plan details the commitment to developing and maintaining a fully accessible environment. The College is equipped with lifts, ramps and disabled bathrooms for those with limited mobility and/or wheelchair users.

A register of specialist equipment and assistive technologies that the College can make available for use by students, staff and visitors, is available.

Counselling and welfare services are detailed in the student handbook, which, is issued to students at induction and annually thereafter and made available via the College website.

Accessibility Regulations 2018

The Corporation, is mindful of its responsibilities under the Accessibility Regulations 2018 and its legal obligation to make reasonable adjustments under the Equality Act 2010

The Corporation aims to fulfil its responsibilities by ensuring:

- all documents published on the governance section of the website and intranet are readily accessible - produced in accordance with the Corporation's agreed accessibility statements and suitable for assistive technologies; such as speech recognition software and screen readers
- applicable images are supported by alternative text
- all hyperlinks used are descriptive and word specific

Where documentation is not readily accessible, disproportionate burden assessments have been carried out and alternatives are offered. Overtime the Corporation will be working towards ensuring all new documents are readily accessible.

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 the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:

**K. Finnigan
Chair of the Corporation
13 December 2021**

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

Corporation, Membership and Operational Structure

Sixth-form and further education corporations are entities that operate one or more colleges. They have the legal status of statutory corporations and exempt charities. The members of the corporation (governors), are also the trustees and have due regard for the Charities Commission's guidance on trustee responsibilities and public benefit.

The Corporation endeavours to conduct its business in accordance with the seven principles identified by the Nolan Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership).

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.

The Corporation is aware of the need to proactively and frequently self-assess its performance and strives to exceed basic governance requirements. In carrying out its responsibilities, it conducts its business in accordance with The Code of Good Governance for English Colleges and additionally, the Charity Governance Code and Remuneration Code. The Corporation adopted a bespoke version of these Codes, as applicable to the Sixth Form College sector, in order to further demonstrate that it is conducting its business openly, transparently and in the best interests of its stakeholders. In the opinion of the members, the Corporation has complied with or explained all the provisions throughout the year ended 31 July 2021. This opinion is based on an internal review of compliance reported to the Search and Governance Committee 07 July 2021 and to the full Corporation 13 December 2021.

The members who served on the Corporation during the year 1st August 2020 – 31st July 2021 and their attendance at meetings are as listed in the table below and overleaf.

Name & Attendance % (Actual/Possible)	Date of Appointment or Reappointment	Term of Office	End of Term or [Date of Resignation]	Category of Governor	Committees Served and Posts Held during 2020 -2021 Year
M Atherton 12/12 100%	28.01.2019	4 years	27.01.2023	Community	Chair: Audit Vice Chair: Corporation Member: Remuneration
P Barker 8/10 80%	01.01.2018	4 years	31.12.2021	Community	Vice Chair: Audit
A Beatty 11/14 79%	01.09.2019	4 years	31.08.2023	Community	Member: Search & Governance Member: Remuneration Member: Audit
S Carmel 3/3 100%	28.01.2019	4 years	[13.01.2021]	Community	
S Codling 5/5 100%	15.12.2021	4 years	14.12.2024	Community	Member: Audit
K Finnigan 10/10 100%	01.09.2019	4 years	31.08.2023	Community	Chair: Corporation Chair: Search & Governance

Name & Attendance % (Actual/Possible)	Date of Appointment or Reappointment	Term of Office	End of Term or [Date of Resignation]	Category of Governor	Committees Served and Posts Held during 2020 -2021 Year
N Gerrard 10/12 83%	01.09.2020	4 years	31.08.2024 [resignation effective 31.12.2021]	Community	Member: Search & Governance Member: Remuneration
C Goldsworthy 8/8 100%	01.09.2017	4 years	31.08.2021	Community	
H Hallworth 3/3 100%	22.02.2021	4 years	21.02.2025	Staff	
J Johnson 7/8 88%	01.09.2020	2 years	31.08.2024	Community	
J Leslie 8/12 67%	01.09.2018	4 years	31.08.2022	Community	Member: Search & Governance Vice Chair: Remuneration
I MacNaughton 8/8 100%	01.04.1997		Ex-Officio	Principal	
D Morran 12/12 100%	01.09.2020	4 years	31.08.2024	Community	Vice Chair: Corporation Member: Search & Governance Member: Remuneration
J Owens 10/10 100%	01.12.2016	4 years	30.11.2024	Community	Member: Audit
M Perrin 1/3 33%	12.03.2018	4 years	[07.12.2020]	Staff	
H Skeggs 3/3 100%	17.02.2021	4 years	16.02.2025	Community	
D Stebbings 2/2 100%	06.05.2021	4 years	05.05.2025	Staff	
E Stock n/a	06.07.2020	4 years	[26.09.2020]	Community	
J Tallentire 1/2 50%	12.05.2021	2 years	11.05.2023	Parent	
I Vipond 9/10 90%	01.03.2018	4 years	28.02.2022	Community	Member: Search & Governance
R Wilson 5/5 100%	01.03.2017	4 years	28.02.2021	Staff	

Name & Attendance % (Actual/Possible)	Date of Appointment or Reappointment	Term of Office	End of Term or [Date of Resignation]	Category of Governor	Committees Served and Posts Held during 2020 -2021 Year
M Hyslop 3/3 100%	22.03.2021	1 year	31.12.2021	Student	
P Loveard 4/5 80%	01.01.2020	1 year	21.03.2021 [Extended term]	Student	
S Okpattah 4/5 80%	01.01.2020	1 year	21.03.2021 [Extended term]	Student	
M Waring 3/3 100%	22.03.2021	1 year	31.12.2021	Student	
M Sherer 2/2 100%	20.11.2020	1 year	19.11.2021	Co-opted	Co-opted member of the Audit Committee

Mrs. T. Johnson acted as Clerk to the Corporation for the period.

The following members also acted as directors of the College's wholly owned subsidiary company:

Mr. I MacNaughton

Mr. C Goldsworthy

Operational Structure

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation sets the strategic plan and priorities and ensure resources are effectively and appropriately deployed to implement these strategies.

To fulfil its strategic responsibilities and regulatory duties the Corporation operates a limited committee model of governance. The full Corporation meets at least twice in each academic term and in addition, conducts its business through a number of statutory and operational committees. These committees are; Audit, Search and Governance, Remuneration and Appeals. In addition, a Disciplinary committee exists to deal with senior staff disciplinary and grievance issues, should they arise. Each committee has standing orders and terms of reference (delegated functions), which are approved annually by the Corporation. Full minutes of all meetings, except those deemed by the Corporation to be confidential and the terms of reference for each committee are available on the college website <https://www.colchsfc.ac.uk> or from the clerk to the corporation: johnsont@colchsfc.ac.uk at The Sixth Form College Colchester CO1 1SN.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information including performance against funding targets, proposed capital expenditure, student and personnel related matters such as curriculum quality, safeguarding, health and safety and environmental issues.

The Clerk to the Corporation maintains a register of financial and personal interests of all members of the Corporation, senior staff and relevant budget holders. The register of members is published on the public website and all registers are available for inspection at the College by contacting the Clerk.

The Corporation represents a range of members that are able to demonstrate diverse skills, experiences and backgrounds. All appointments to the board are made in accordance with the instruments and articles of government. 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.

All members 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, supporting papers and reports are supplied to all Members in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

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

Coronavirus [Covid-19] Pandemic

The Covid-19 pandemic continues to have a significant impact on the College and its stakeholders. The Corporation, in adopting a flexible approach to its governance framework, was able to respond quickly and effectively to the challenges of the pandemic crisis, whilst also fulfilling its statutory duties and providing support to College management.

During the year all decisions about governance operations were taken in line with government guidance, national and local public health advice and in the context of the overriding importance of the welfare of the staff, students and wider college community. Throughout the period and to the date of signing of these statements the Corporation has continued to fulfil its statutory responsibilities and maintain strategic oversight.

In accordance with the government's Covid mitigation measures, including the two further national lockdowns instigated in the autumn 2020 and spring 2021 terms, modifications to operating procedures continued to be adopted by the Corporation. This included conducting virtual board and committee meetings, holding additional meetings where it was deemed appropriate to do so and holding all governor training and development activities online.

During the period late March 2020 – January 2021, the Corporation's focus continued to be statutory, business and risk critical decisions and matters concerning staff and student safety and wellbeing. Meeting agendas were revised accordingly with a strong emphasis on the impact, associated risk and critical corporate decisions of the Covid-19 pandemic. Since January 2021 the Corporation has largely returned to a usual business cycle with the addition of a discrete agenda item for the reporting of the ongoing impact of the pandemic on the College and its stakeholders.

Search & Governance Committee

The membership of the Corporation's Search & Governance committee during the year to 31 July 2021 is indicated on pages 16,17 and 18. During the year the committee has operated in accordance with written terms of reference approved by the Corporation. The committee's responsibilities include making recommendations to the Corporation on Member appointments, evaluating the outcomes of the Corporation's annual self-assessment, monitoring the Corporation's key efficiency and performance indicators, monitoring compliance against the Code of Good Governance, Charity & Remuneration Codes and other policy and procedures.

Remuneration Committee

The Corporation adopted the Senior Staff Remuneration Code, as applicable to Sixth Form College's which included establishing a Remuneration committee. Membership of the committee during the year to 31 July 2021 is shown on pages 16,17 and 18. During the year the committee has operated in accordance with the terms of reference approved by the Corporation. The committee's responsibilities include making recommendations to the Board on matters affecting the terms and conditions of service and remuneration of Senior Post Holders and formulating an annual report to the Corporation. Details of the remuneration of the Accounting Officer for the year ended 31 July 2021 is shown in Page 43 - Note 6 to these financial statements.

Audit Committee

The Audit Committee comprises six members of the Corporation. Membership of the Audit Committee during the year to 31 July 2021 is indicated on pages 16,17 and 18. During the year the committee has operated in accordance with the terms of reference approved by the Corporation.

The Audit Committee normally meets at least twice a year (although this will increase to three times a year forthwith) and provides a forum for reporting by the reporting accountant and financial statement auditors. The Committee also receives and considers reports from the main FE funding bodies.

The Committee monitors the systems of internal control, risk management controls and governance processes by reference to the College risk register, the levels of internal and external assurance over internal controls and reports from senior management on the application of those controls during the year. The committee decides annually if it is necessary to commission additional audit work in a specific area. Unless otherwise stated, College management are responsible for the implementation of agreed audit recommendations, which the committee follows up to ensure that any recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of the internal auditor, reporting accountants, and financial statements auditors, who have access to the Committee for independent discussion without the presence of College management. The committee also advises on their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

The Audit Committee met twice during the year. The attendance of committee members for the 2020/2021 year is shown in the table below.

Name	M Atherton	P Barker	A Beatty	J Owens	M Sherer	S Codling
Attendance %	100%	100%	100%	100%	100%	100%

Appointments to the Corporation

Appointments to the board are made in accordance with the instruments and articles of government and all new member appointments are a matter for the consideration of the whole Corporation. The Corporation's Search & Governance Committee is responsible for the selection and nomination of external members for the Corporation's consideration. Members of the Corporation are appointed for a term of office not exceeding four years. There is currently no limit on the number of terms a member can serve. All appointments and reappointments are made in the context of the Corporation's skills audit and the contribution a Member can make to effective governance and the success of the College.

Corporation Performance

The Corporation is aware of the need to proactively and frequently self-assess its performance. Whole Board, self-assessment is undertaken at least annually with assessment against the Code of Good Governance, Charity Code, Funding Agreement and other statutory requirements, undertaken on a termly basis.

Benchmarking against the Code of Good Governance and Charity Code, alongside the outcomes from the Corporation's self-assessment questionnaire and analysis of performance against key efficiency indicators and targets, are used as the benchmark for this self-assessment. The resulting outcomes are used to identify action points, training requirements and inform the 3-year rolling development plan. The outcomes from the autumn 2021 benchmarking review and additional analysis of the key efficiency indicators, was presented to the Corporation via the Search and Governance Committee September 2021. The Corporation has assessed its own performance for the year ended 31 July 2021 and graded itself as good on the Ofsted Scale.

INTERNAL CONTROL

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness.

The Corporation 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 he is personally responsible. This is in accordance with the responsibilities assigned to him in the Funding Agreement and contracts between the Corporation and the Education and Skills Funding Agency. He 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 business objectives; it can therefore only provide reasonable and not absolute assurance against material misstatement or loss. 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 the College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and the full 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.

The Corporation did not appoint an internal audit service for the year ended 31 July 2021. The recommendation of the Audit Committee not to appoint an internal audit service was based on an analysis of the risks to which the College is exposed, assessment of internal controls and scrutiny of the Board Assurance Framework. The recommendation of the committee was made with due regard to the Post 16 Audit Code of Practice and subsequently ratified by the Corporation.

During the year, College management and Members of the Corporation have identified and evaluated key risks, assessed internal controls and the Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified. The audit committee reports to the Corporation on the adequacy and effectiveness of the College's system of risk management, controls and governance processes in its annual report to the Corporation.

Risks faced by the Corporation

The Corporation has a well-developed framework for identifying and managing risk and endeavours to assess risk management in all processes. The Corporation, and particularly the Audit Committee, has overall responsibility for managing risks and ensuring internal controls are adequate and fit for purpose.

A comprehensive and detailed Risk Register is maintained by the College and is reviewed at each meeting of the Audit Committee and at least annually by the full Board. The risk register identifies key risks, including; operational, financial and compliance and the scenarios under which the risks may occur. The registers detail the actions being taken to reduce and/or mitigate the risks. The Risk Register also sets out the likely impact any failure to mitigate individual risks may have on the financial stability and reputation of the College. All risks are continually monitored by the Senior Management Team, the College's Risk Management Group, the Audit Committee, the external auditors and as appropriate the finance, strategic and other lead governors.

The major strategic risks identified in the Risk Register include, but are most certainly not limited to, the following:

Business failure and/or insolvency

Alongside prudent budgeting and sound financial controls the following provides further assurance to the Corporation that the risk is as far as possible mitigated. Regular meetings with the finance team, monthly balance sheet and profit & loss account reviews, three-year financial forecast returns to the ESFA and the external auditor's report to the Corporation.

Failure to monitor the financial viability of the institution

In addition to the above processes, this risk is mitigated by monthly reviews of income & expenditure reports and cash flow statements and regular cost centre review analysis. The risk is continually monitored by finance lead governors, the College's Risk Management Group, the Audit Committee and the external auditors. The College has been graded 'outstanding' by the Education and Skills Funding Agency but self-assessed as 'good' due to the ongoing impact and unknowns of the Coronavirus (COVID-19) pandemic.

Failure to oversee the College's strategic direction

The Corporation monitors and evaluates progress against the strategic priorities at least termly and the 3-5 year strategic plan at least annually. Focussed strategic planning meetings are scheduled into the Corporation's business cycle. This risk is further mitigated through the process of review, monitoring and evaluation of the College's self-assessment reports and quality improvement plans. These reports and processes are also reviewed by the relevant external agencies.

Control weaknesses identified

The Audit Committee has advised the board that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes that the Corporation has effective internal controls in place. The committee is satisfied that no significant internal control weaknesses or failures have occurred during the year.

Responsibilities Under Funding Agreements

The Clerk to the Corporation maps compliance against the Corporation's contractual responsibilities under its funding agreement with the ESFA. The Corporation receives comprehensive management information and documentation from the College which, alongside Finance Lead Governor, Audit Committee and Corporation scrutiny, provides Members of the Corporation with assurance that contractual responsibilities are being met.

The Corporation has taken reasonable steps to ensure;

- funds are used only for the purposes for which they have been given and in accordance with the Financial Agreement and any other conditions which the ESFA may from time to time prescribe
- there are appropriate financial and management controls in place to safeguard public funds
- the safeguarding of assets
- the economical, efficient and effective management of the College's resources and expenditure.

Statement from the Audit Committee

A risk-based approach is taken when planning the work programme of the audit committee. The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are detailed in the Audit Committee's annual report received by the Corporation.

Consideration of the Risk Register and Mitigation Plan for the 2020 – 2021 year, led to the conclusion that the risks faced by the College were, as far as possible, well controlled. Due to the ongoing nature and impact of the Covid-19 pandemic Corporation Members continued to receive risk management updates and where applicable reviewed and approved the risk management and mitigation plans. During the May 2021 meeting a detailed review of the Covid risk and mitigation plans alongside the risk register was undertaken by the committee.

During the year, and in addition to statutory requirements, the committee instigated a review of treasury management and fraud mitigation policies, undertook work relating to a review of the board assurance framework and the College's internal audit needs, formulated policies and procedures re the minima criteria to be applied when undertaking the annual review of auditor performance, the expectations around the 3-yearly benchmarking reports and the procedures for the retendering of the external audit service.

The Committee self-assessed its own performance for the 2020-2021 year as 'Good'

External Audit Findings report

The External Audit Findings report was presented to the committee and highlighted the following:

- It was anticipated that an unqualified audit opinion in the standard format would be issued on both the Financial Statements and the Regularity Assurance work.
- The Regularity review was carried out with no issues noted.
- The auditors did not identify any matters of potential impropriety during the audit.

The management letter confirms that there were no significant difficulties identified during the audit work.

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

Review of Effectiveness

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

- the work of the senior managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for Colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor (where appointed) and other sources of assurance, and a plan to address weaknesses (if found) 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 audit committee's role in this area is confined to a high-level review of the arrangements for internal control.

The Corporation's meeting agendas includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its September 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021, by considering documentation from the senior management team, and taking account of events since 31 July 2021.

Statement of Corporate Governance and Internal Control

Based on the advice of the Audit Committee, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “the effective and efficient use of resources, the solvency of the institution and the Corporation and the safeguarding of their assets”.

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:

K Finnigan

Chair of the Corporation

13th December 2021

I MacNaughton

Accounting Officer

13th December 2021

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the Corporation’s grant funding agreement and contracts with ESFA.

As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation’s grant funding agreements and contract with ESFA, or any other public funder.

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

Chair of the Corporation

13th December 2021

I MacNaughton

Accounting Officer

13th December 2021

STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its 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
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements in the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

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

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

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

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and

expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:

K Finnigan
Chair of the Corporation
13th December 2021

GOING CONCERN

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

Approved by order of the members of the Corporation on 13th December 2021 and signed on its behalf by:

K Finnigan
Chair of the Corporation
13th December 2021

I MacNaughton
Accounting Officer
13th December 2021

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE SIXTH FORM COLLEGE COLCHESTER

Opinion

We have audited the financial statements of The Sixth Form College Colchester (the 'College') for the year ended 31 July 2021, which comprise the Statement of Comprehensive income, the Statement of Changes in Reserves, the Balance Sheet, the 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 applicable law and United Kingdom Accounting Standards, including; the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the 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 2021 and of its surplus of income over expenditure for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

proper accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

all the information and explanations required for the audit were not received; or

conclusions relating to appropriateness of the use of the going concern basis of accounting and disclosures of material uncertainties, subject to the requirements of ISA 570 Going Concern, and whether the auditor has concluded that there is a material misstatement in other information, subject to the requirements of ISA 720 The Auditor's Responsibilities Relating to Other Information

Responsibilities of the Corporation of The Sixth Form College Colchester

As explained more fully in the Statement of Corporation's Responsibilities set out on page 26, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through liaison with the Governors (as required by auditing standards) and senior management, inspection of the College's regulatory and legal correspondence and discussed with management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the College is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: compliance with the requirements of the Education & Skills Funding Agency, The Charity Commission, Ofsted, health and safety, building regulations, corporate governance including safeguarding and wellbeing, human rights and employment law, anti-bribery and corruption, Food Safety Act 1990 and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors and other management and inspection of regulatory and legal correspondence, if any.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the College complies with such regulations, enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of any relevant legal documentation, review of board minutes, testing the appropriateness of journal entries and the performance of analytical review to identify any unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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 Article 21 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Scrutton Bland LLP

Chartered Accountants and Statutory Auditor
820 The Crescent
Colchester Business Park
Colchester
Essex, CO4 9YQ

Date:

Scrutton Bland LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

THE SIXTH FORM COLLEGE, COLCHESTER
Report and Financial Statements for the year ended 31 July 2021

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

In accordance with the terms of our engagement letter and further to the requirements of the funding agreement with the Education and Skills Funding Agency (ESFA) we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Sixth Form College, Colchester during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of The Sixth Form College, Colchester and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become

aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- A review of the Colleges Self Assessment Questionnaire for the period 1 August 2020 to 31 July 2021.
- A review of the evidence supplied by the College to support the Self-Assessment Questionnaire and discussions with members of the Colleges staff.
- Tests of detail.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Scrutton Bland LLP

Chartered Accountants

Colchester

Date :

Statement of Comprehensive Income

	Notes	2021 £'000	2020 £'000
INCOME			
Funding body grants	2	14,144	12,975
Tuition fees and education contracts	3	292	256
Donations		83	90
Other income	4	240	598
Investment income	5	4	27
Total income		14,763	13,946
EXPENDITURE			
Staff costs	6	(12,408)	(11,722)
Other Operating Expenses	7	(2,007)	(2,210)
Depreciation	10	(737)	(772)
Interest and other finance costs	8	(96)	(113)
Total expenditure		(15,248)	(14,817)
(Deficit) before other gains and losses and before tax		(485)	(871)
Taxation	9	-	-
(Deficit) for the year		(485)	(871)
Actuarial gain/(loss) in respect of pensions schemes	17	1,694	(1,321)
Total Comprehensive Income for the year		1,209	(2,192)
Represented by:			
Unrestricted comprehensive income		1,209	(2,192)

College Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
Balance at 1 August 2019	2,924	3,653	6,577
Deficit from the income and expenditure account	(871)	-	(871)
Other comprehensive income	(1,321)	-	(1,321)
Transfers between revaluation and income and expenditure reserves	166	(166)	-
Total comprehensive income for the year	(2,026)	(166)	(2,192)
Balance at 31 July 2020	898	3,487	4,385
Deficit from the income and expenditure account	(485)	-	(485)
Other comprehensive income	1,694	-	1,694
Transfers between revaluation and income and expenditure reserves	165	(165)	-
Total comprehensive income for the year	1,374	(165)	1,209
Balance at 31 July 2021	2,272	3,322	5,594

Balance Sheet as at 31 July

	<u>Notes</u>	<u>2021</u> <u>£000</u>	<u>2020</u> <u>£000</u>
Non-current assets			
Tangible fixed assets	10	14,029	14,519
Investments	11	-	-
		<hr/>	<hr/>
		14,029	14,519
Current assets			
Trade and other receivables	12	189	264
Current asset investments	13	10	1,005
Cash and cash equivalents		3,953	2,143
		<hr/>	<hr/>
Total current assets		4,152	3,412
Less: Creditors: amounts falling due within one year	15	(2,124)	(1,936)
		<hr/>	<hr/>
Net Current Assets		2,028	1,476
Total assets less current liabilities			
		16,057	15,995
Creditors – amounts falling due after more than one year	16	(5,122)	(5,261)
Provisions for liabilities			
Defined Benefit obligations	17	(5,341)	(6,349)
		<hr/>	<hr/>
TOTAL NET ASSETS		5,594	4,385
Unrestricted Reserves			
Income and expenditure account		2,272	898
Revaluation reserve		3,322	3,487
		<hr/>	<hr/>
TOTAL UNRESTRICTED RESERVES		5,594	4,385

The financial statements on pages 33 to 51 were approved and authorised for issue by the Corporation on 13th December 2021 and were signed on its behalf by:

K Finnigan
Chair to the Corporation

I MacNaughton
Accounting Officer

Statement of Cash Flows

	2021	2020
	£'000	£'000
Cash flows		
(Deficit) for the year	(485)	(871)
Adjustment for non-cash items		
Depreciation	737	772
Decrease/(Increase) in debtors	66	(119)
Increase in creditors due within one year	187	124
(Decrease) in creditors due after one year	(139)	(235)
Pensions costs less contributions payable	686	515
Adjustment for investing or financing activities		
Investment income	(4)	(27)
Interest payable	6	6
Net cash flows from operating activities	1,054	165
Cash flows from investing activities		
Investment income	13	23
Withdrawal of deposits	1,995	1,050
New deposits	(1,000)	(9)
Payments made to acquire fixed assets	(247)	(164)
	761	900
Cash flows from financing activities		
Interest paid	(5)	(7)
Repayments of amounts borrowed	-	(669)
	(5)	(676)
Increase in cash and cash equivalents in the year	1,810	389
Cash and cash equivalents at beginning of the year	2,143	1,754
Cash and cash equivalents at end of the year	3,953	2,143

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF 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

The Sixth Form College, Colchester 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 18. The nature of the College's operations are set out in the Report of the Governing Body.

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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

The financial statements are presented in sterling which is also the functional currency of the College. Monetary amounts in these financial statements are recorded to the nearest whole £1,000 except as otherwise indicated.

The college has a dormant subsidiary company, Fuel Channel Ltd. The figures for this entity are not considered material and therefore consolidated financial statements have not been prepared.

Going Concern

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

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.

Recognition of Income

Government revenue grants are accounted for under the accrual model 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.

Funding body recurrent grants are measured in line with best estimates for the year of what is receivable and depend on the particular income stream involved.

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

Grants from non-government sources are recognised in income when the performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as a liability.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students.

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

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

Accounting for post-employment benefits

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

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

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

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts include in net interest on the net 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

Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation determined at the date of incorporation of the College on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the college of 40 years. Leasehold buildings are depreciated over 15 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS102, the College followed the transitional provision to retain book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £250 per individual item has been written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost, either as equipment or inventories. Equipment inherited from the local education authority is included in the balance sheet at valuation.

Motor Vehicles are depreciated at 25% per annum on a reducing net book value basis over their remaining useful economic life to the college.

All furniture and equipment are depreciated over an expected useful economic life to the college of 5 years.

Financial Instruments

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial liabilities and equity

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

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 instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost 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.

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.

Investments

Current asset investments include sums on short-term deposits with recognised banks and building societies. Short-term deposits are investments with a maturity date of more than 3 months but less than one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

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

Taxation

The College is considered to pass 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 the categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Capital Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The college is not registered for Value Added Tax (VAT). For this reason, the college is unable to recover input VAT it is charged on goods and services purchased.

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 20, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Holiday pay accrual has been calculated as the sum of 1) August payroll costs for term-only staff whose contract runs to 31 August, 2) for full-year staff 27.5% of monthly salary which represents an average of the unused holiday entitlement at year end.

Other 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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Funding body grants

	2021	2020
	£'000	£'000
Recurrent Grants		
Education and Skills Funding Agency 16-18	13,150	12,134
Specific Grants		
Releases of government capital grants	236	235
Devolved Capital grant	73	82
Teachers' Pension Scheme Grant	541	508
Covid Testing	37	-
Tuition Fund	50	-
Other funds	57	16
Total	14,144	12,975

3 Tuition fees and education contracts

	2021	2020
	£'000	£'000
Tuition fees	3	10
Education contracts	289	246
Total	292	256

4 Other income

	2021	2020
	£'000	£'000
Residential and non-residential trip income	(16)	95
Catering Operations	156	277
Examination fee income	33	7
Letting income	22	21
Class and Stationery sales	25	39
Student Transport	1	130
Miscellaneous income	19	29
Total	240	598

5 Investment income

	2021	2020
	£'000	£'000
Other interest receivable	4	27
Total	4	27

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS

The average number of persons (including key management personnel) employed by the college during the year was:

	Number <u>2021</u>	Number <u>2020</u>
Teaching staff	182	181
Non-teaching staff (includes 17 Learning Support tutors)	137	140
	<u>319</u>	<u>321</u>

The figures reflect the average numbers of staff over each term.

Staff Costs for the above persons:

	2021 <u>£000</u>	2020 <u>£000</u>
Wages and salaries	8,960	8,663
Social security costs	833	794
Other pension costs (including actuarial adjustments of £596,000 (2019/20: £418,000))	2,585	2,237
Apprenticeship levy	30	28
	<u>12,408</u>	<u>11,722</u>

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Executive Group which comprise the Principal, five Assistant Principals and the Manager for HR and Administration.

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

	Number 2021	Number 2020
The number of key management personnel including the Accounting Officer was:	7	7

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF COSTS

The numbers of key management personnel (and higher-paid staff if greater than £60,000 p.a.) who received annual emoluments, excluding pension contributions and employer's national insurance, but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£35,001 to £40,000 p.a.	1	1	N/A	N/A
£45,001 to £50,000 p.a.	-	-	N/A	N/A
£50,001 to £55,000 p.a.	1	-	N/A	N/A
£55,001 to £60,000 p.a.	-	1	N/A	N/A
£60,001 to £65,000 p.a.	4	4	-	-
£125,001 to £130,000	-	1	-	-
£130,001 to £135,000 p.a.	1	-	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Salaries	481	473
Employers National Insurance	58	57
	<u>539</u>	<u>530</u>
Pension contributions	70	66
Total emoluments	<u>609</u>	<u>596</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2021 £'000	2020 £'000
Salaries	134	126
Pension Contributions	-	-
Total	<u>134</u>	<u>126</u>

The members of the corporation other than the Principal and staff governors did not receive any payment from the college other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The 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.

	2021 No.	2020 No.
Basic salary as a multiple of median basic salary of staff	3.3	3.3
Total remuneration as a multiple of median total remuneration of staff	3.0	3.3

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	214	323
Non-teaching costs	1,153	1,278
Premises costs	640	609
	<hr/>	<hr/>
Total	2,007	2,210
	<hr/>	<hr/>

Teaching Department expenses include residential and non-residential educational visits expenditure

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	12	12
Agreed upon procedures	3	3
Regularity work	2	2
Land and Buildings – operating leases	8	8
Hire of assets under operating leases	5	7
	<hr/> <hr/>	<hr/> <hr/>

8 Interest and other finance

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	6	16
	<hr/>	<hr/>
	6	16
Pension finance costs (note 17)	90	97
	<hr/>	<hr/>
Total	96	113
	<hr/>	<hr/>

9 Taxation

The members do not believe the college is liable for any corporation tax arising out of its activities during this period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Tangible Fixed Assets

	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	23,656	148	4,161	27,965
Additions	210	-	37	247
Disposals	-	-	-	-
At 31 July 2021	23,866	148	4,198	28,212
Depreciation				
At 1 August 2020	9,696	63	3687	13,446
Charge for the year	557	10	170	737
Disposals	-	-	-	-
At 31 July 2021	10,253	73	3,857	14,183
Net book value at 31 July 2021	13,613	75	341	14,029
Net book value at 31 July 2020	13,960	85	474	14,519

Freehold Land and Buildings include £1,166,000 in respect of the Land Valuation which is not depreciated (2020 - £1,166,000).

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the corporation on a depreciated replacement cost basis.

Land and buildings with a net book value of £3,321,700 (2020 - £3,487,525) were funded from local education authority sources. Should these assets be sold, the college may be liable, under the terms of its Financial Memorandum, to surrender the sale proceeds.

If inherited fixed assets had not been revalued they would have been included at a historical cost amount of £Nil (2020: £Nil)

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Non-current investments

	2021	2020
	£	£
Investments in subsidiary company at cost	3	3

The college owns 100 per cent of the issued ordinary £1 shares of Fuel Channel Limited, a company registered in England and Wales. The principal business activity of Fuel Channel Limited was the provision of vending machine sales and other commercial activities to the college, but has been non-trading since 1st August 2016. The figures for this entity are not considered material and therefore consolidated financial statements have not been prepared.

12 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	-	(2)
Prepayments and accrued income	189	266
Total	189	264

13 Current Investments

	2021	2020
	£'000	£'000
Short term deposits	10	1,005
Total	10	1,005

14 Financial Instruments

	2021	2020
	£'000	£'000
Financial assets measured at amortised cost		
Trade debtors and accrued income	-	7
Investment in short term deposits	10	1,005
Total	10	1,012

Financial Liabilities measured at amortised cost

Trade creditors and Accruals	1,446	1,251
Total	1,446	1,251

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade payables	29	57
Employee pay accrual	884	857
Other taxation and social security	217	205
Accruals and deferred income	324	134
Deferred income - government capital grants	236	235
Other creditors	434	448
Total	<u>2,124</u>	<u>1,936</u>

16 Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Deferred income - government capital grants	5,122	5,261
Total	<u>5,122</u>	<u>5,261</u>

17 RETIREMENT BENEFITS

The College's employees belong to two principal pension schemes, the Teachers' Pensions 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 Essex County Council. Both are multi-employer defined benefit plans.

Total pension cost for the year	2021	2020
	£'000	£'000
Teachers' Pension Scheme contributions paid	1,488	1,384
Local Government Pension Scheme:		
Contributions paid	501	435
FRS102 (28) charge	596	418
Charge to the Income and Expenditure Account (staff costs)	1,097	853
Total Pension Cost for Year within staff costs	<u>2,585</u>	<u>2,237</u>

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

Contributions amounting to £248,737 (2020: £241,430) were payable to the scheme at 31 July and are included within Creditors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions 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 as a defined benefit plan so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pensions 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 at 31st March 2019 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 consultations 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 2019 onwards. DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

The pension costs paid to TPS in the year amounted to £1,488,454 (2020: £1,384,687)

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Essex Pension Fund. The total contributions made for the year ended 31st July 2021 were £623,482 of which employer's contributions totalled £501,408 and employees' contributions totalled £125,242. The agreed contribution rates for future years are 22.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.8%	3.25%
Future pension increases	2.8%	2.25%
Discount Rate	1.6%	1.35%
Inflation assumptions (CPI)	2.8%	2.25%
Commutation of pensions to lump sums	50%	50%

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

Principal Actuarial Assumptions (continued)

The average life expectancy for pensioner retiring at 65 on the reporting date is:

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.6	21.8
Females	23.6	23.8
<i>Retiring in 20 years</i>		
Males	22.9	23.2
Females	25.1	25.2

The College's share of the assets in the plan at the balance sheet date were:

	2021	2020
	£000	£000
Equities	9,334	7,336
Government Bonds	367	506
Other Bonds	678	662
Property	1,018	920
Cash	406	322
Other	2,778	2,093
Total market value of assets	<u>14,581</u>	<u>11,839</u>
Actual return on plan assets	<u>4,101</u>	<u>377</u>

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

	2021	2020
	£'000	£'000
Fair value of plan assets	14,581	11,839
Present value of plan liabilities	(19,922)	(18,188)
Net pensions liability	<u>(5,341)</u>	<u>(6,349)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	1,094	853
Total	<u>1,094</u>	<u>853</u>
Amounts included in interest payable		
Net interest on the defined liability	(82)	(90)
	<u>(82)</u>	<u>(90)</u>
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	2,571	480
Changes in assumptions underlying the present value of plan liabilities	(1,115)	(2,016)
Changes in demographic assumptions	238	215
Amount recognised in Other Comprehensive Income	<u>1,694</u>	<u>(1,321)</u>

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	18,188	15,363
Current service cost	1,094	853
Interest cost	244	321
Experience loss/gain on defined benefit obligation	(309)	(27)
Contributions by Scheme participants	125	123
Changes in financial assumptions	1,115	2,016
Estimated benefits paid	(297)	(246)
Change in demographic assumptions	(238)	(215)
Defined benefit obligations at end of period	<u>19,922</u>	<u>18,188</u>

Changes in fair value of plan assets

Fair value of plan assets at start of period	11,839	10,850
Interest on plan assets	162	231
Return on plan assets	2,262	146
Employer contributions	498	435
Contributions by Scheme participants	125	123
Other actuarial gains	-	307
Administration Expenses	(8)	(7)
Estimated benefits paid	(297)	(246)
Fair value of plan assets at end of period	<u>14,581</u>	<u>11,839</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 RETIREMENT BENEFITS (Local Government Pension Scheme continued)

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension (GMP) equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Service Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

18 COMMITMENTS UNDER OPERATING LEASES

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

	2021 £000	2020 £000
Land and Buildings		
Not later than one year	8	8
Later than one year and not later than five years	32	32
Later than five years	<u>21</u>	<u>29</u>
	<u>61</u>	<u>69</u>
Other		
Not later than one year	3	2
Later than one year and not later than five years	<u>10</u>	<u>-</u>
	<u>13</u>	<u>2</u>

19 TRANSACTIONS WITH RELATED PARTIES

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors has an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 102.

Transactions with the funding bodies are detailed in note 2.

20 AMOUNTS DISBURSED AS AGENT

ESFA 16-18 Funds:

	2021	2020
Balance unspent at 1 August	154	65
Funding Body grants – discretionary support	216	195
Funding body grants – contribution to free meals	123	122
Disbursed to students	(338)	(212)
Administration fee	<u>(17)</u>	<u>(16)</u>
Balance unspent at 31 July (included in creditors)	<u>138</u>	<u>154</u>

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

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Signed by Ian MacNaughton using authentication code OUZmUTBZUXdyUy8+ at IP address 149.22.69.10, on 2021/12/20 10:06:35 Z.

Ian MacNaughton's e-mail address is: Principal@colchsfc.ac.uk.

Signature 2

Signed by Kevin Finnigan using authentication code c1VISGtsdUsqZVY8 at IP address 82.3.17.13, on 2021/12/20 17:00:56 Z.

Kevin Finnigan's e-mail address is: FINNIGANK@colchsfc.ac.uk.

Signature 3

Signed by Tim O'Connor using authentication code Vj5rS3ooayIFR0RN at IP address 51.145.53.248, on 2021/12/20 17:38:06 Z.

Tim O'Connor's e-mail address is: tim.oconnor@scruttonbland.co.uk.