



**WESTON COLLEGE GROUP**

**Annual Report and Financial Statements**

**For the year ended 31 July 2020**

## **KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISORS**

### **Key management personnel**

Key management personnel are defined as members of the college leadership team and were represented by the following in 2019/20:-

Dr Paul Phillips CBE, Principal, Chief Executive and Accounting Officer

Peter Sloman, Deputy Principal and Chief Operating Officer

Jacqui Ford, Group Director and Deputy Principal - Partnership and Community

Andrea Greer, Group Director and Deputy Principal - Human Resources, Offender Learning and College Reputation

Anthony Murray, Group Director and Vice Principal - Higher Education

David Trounce, Group Director and Deputy Principal - Curriculum, Quality and Student Experience

Jo Watson, Group Director and Deputy Principal - Business Intelligence and Product Growth

### **Board of Governors**

A full list of governors is given on page 19 of these financial statements.

Ms Joanne Philpott acted as Clerk to the Corporation throughout the period.

### **Professional Advisors**

The Professional Advisors were as follows for the year 2019/20:-

#### **Financial Statements Auditors and reporting accountants**

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

#### **Internal Auditors**

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

#### **Bankers**

Barclays Bank plc, Newbrick Road, Stoke Gifford, Bristol BS34 8YU

Lloyds TSB plc, Canons House, Canonsway, Bristol BS99 7LB

NatWest plc, 2<sup>nd</sup> floor, Trinity Quay 2, Avon Street, Bristol BS2 0PT

#### **Legal**

Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

Mitchell Law, 5 Wicker Hill, Trowbridge, Wiltshire, BA14 8JS

Browne Jacobson LLP, Castle Meadow Road, Nottingham, NG2 1BJ

## CONTENTS

	<b>Page</b>
Members Report for the year ended 31 July 2020	3
Statement of Corporate Governance and Internal Control	20
Governing body's statement on the college's regularity, propriety and compliance with funding body terms and conditions of funding	24
Statement of the Responsibilities of the Members of the Corporation	25
Independent Auditors' Report to the Corporation of Weston College Group	26
Consolidated and College Statement of Comprehensive Income	28
Consolidated and College Statement of Financial Position	29
Consolidated and College Statement of Changes in Reserves	30
Consolidated Statement of Cash Flows	31
Notes to the Financial Statements for the year ended 31 July 2020	32
Independent Reporting Accountant's Assurance Report on Regularity to the Corporation of Weston College and the Secretary of State for Education acting through the Education and Skills Funding Agency	54

## MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2020

### 1.0 NATURE, OBJECTIVES AND STRATEGIES

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

#### 1.1 Legal Status and Mission

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting education and training at Weston College. The College is an exempt charity for the purpose of Part 3 of the Charities Act 2011.

Weston College has served the education and training needs of the local community for over 100 years. Since 1 April 1993 the College has been an autonomous public body funded directly by central government and is now accountable to the Education & Skills Funding Agency (ESFA). Higher Education provision is delivered in conjunction with Bath Spa University and The University of the West of England. Since 2012 the College has received direct, HE funding through the Higher Education Funding Council of England (HEFCE) until March 2018 when it was replaced by the Office for Students. From August 2012 the College has delivered offender learning training (OLASS4) for the South West. In April 2019, the Ministry of Justice (MOJ) confirmed that the College had been awarded the two South West lots and in addition, the Kent, Surrey and Sussex lot in the Prison Education Framework tendering process and funded directly by the MOJ as opposed to the ESFA.

The Group's mission, as approved by its members is: *"Creating Brighter Futures"*

#### 1.2 Public benefit

Weston College is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Minister of State for the Department of Education as Principal Regulator for all Further Education (FE) Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 21 and 22.

In setting and reviewing the College's strategic objectives, the Governing body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. Furthermore, the college Corporation has now adopted the *Code of Good Governance for English Colleges* dated March 2015. This has required a significant degree of self-assessment and deliberation with a resultant action plan which continues to be implemented. The concept of Public Benefit is a major component of the Code.

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

- High-quality teaching from age 14 up to and including postgraduate study,
- Widening participation and tackling of social exclusion,
- Excellent employment record for students,
- Support to learners with learning difficulties and disabilities
- Strong student support systems; and
- Links with employers, industry and commerce.

#### 1.3 Implementation of Strategic Plan

The College leadership and governors have developed a clear vision for the College that is underpinned by a strategic plan that is well considered and understood, and led by the Principal and Chief Executive, Dr Paul Phillips CBE. Launched in 2018/19 the current three-year strategic plan outlines a clear set of aims which are to:

1. Provide a safe, supportive and inclusive learning culture where learners can thrive

## WESTON COLLEGE GROUP

2. Meet the needs of employers, the local economy and regional skills shortages through a curriculum offer that puts employability at its centre
3. Develop partnerships, collaborations and models of learning that increase opportunity for different groups of learners within their immediate locality
4. Enable learners to succeed, progress and meet future challenges by providing high quality teaching, learning and assessment
5. Harness and use technology to support innovation in learning and smarter, more efficient working practices
6. Remain a financially robust, sustainable and resilient organisation that can continue to develop and invest in its facilities, infrastructure and workforce.

Each aim is underpinned by a number of objectives with measurable targets. A robust strategic and resource planning cycle ensures that the performance of the plan is regularly reviewed, and curriculum planning is responsive to the changing economic and educational climate locally, regionally and nationally.

Progress against the strategic plan continues to be good despite the difficult circumstances experienced in relation to COVID. Overall attendance continues to exceed the college performance threshold of 90% averaging at 90.20% for this year (90.9% 2018/19). Overall retention for class-based provision remains ahead of that achieved in 2018/19. The College has set a target within its strategic plan of achieving 95% retention by 2020. The current 2019/20 retention outcome of 95.40% suggests that the College has achieved its strategic target. The proportion of learners engaged with work experience or an industry placement at level 2 and 3 failed to meet the College strategic target set of 85% as a result of COVID restrictions. As at the beginning of lockdown (March 2020) it was recognised that 53% of learners had undertaken or were engaged in work experience activities. With regards to CDF funded Industry placements, the College exceeded the industry placement target set by government. More than 228 learners went out on an industry placement against a target requirement of 99 as at March 2020.

### 1.4 Financial objectives

The Governing Body have confirmed the financial objectives to be delivery of a surplus (pre pension) and to achieve a financial health category of Good. This has been achieved again despite the challenges of COVID 19, FRS 102 and the general lack of investment in the sector. The table below clearly sets out the growing challenge of pension adjustments and the excellent underlying financial performance of the College Group:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Group Surplus	2,108	1,827
Pension Current Service Cost adjustment to actual employer contributions and administration expenses	(1,627)	(1,229)
Pension finance costs (note 26)	(397)	(275)
Surplus before tax, as per statutory accounts	<b>84</b>	<b>323</b>

It should be noted that there is a growing difference between the valuation methods used by the Actuary with regards to the current service cost valuation and actual employer contributions. It is likely that to remain in surplus in future years, the College Group will need to generate further efficiencies or grow parts of the business to cover this annual end of year non-cash adjustment. The college is required to complete the annual Finance Record for the ESFA.

The Agency assesses the College as having a “Good” financial health rating and this is expected to continue at this score in 2020/21. This calculation is based on the surplus prior to pension adjustments, which is the objective set by the Governing Body of Weston College.

In addition to the above, other internal factors used to demonstrate strong financial performance are:

- to maintain the financial viability of the College by maintaining cash days in hand of forty, a current ratio of 2:1, and accumulated reserves of five percent of income. Cash days in hand out-turned at 108 days (2019: 43 days) despite the work in progress for capital schemes for which

the related funding had not yet been received; the current ratio was 2.8:1 (2019: 3.0:1) and accumulated reserves were 0.35% (2019: 16%) of income at the year-end

- to generate sufficient levels of income to support the asset base of the College, which has been achieved or evidenced by further capital investment
- to ensure that the College's liquidity is sufficient to enable it to trade through any short –term turbulence caused by funding reforms, in particular through the extension of Advanced Learning Loans and the introduction of digital Apprenticeship funding from April 2017
- to fund continued capital investment to support the growth of the College Group, which has been significant again this year.

## 1.5 Performance Indicators

The ESFA measure FE performance in numerous ways in terms of contribution to national targets. Individual colleges are required to meet a number of quantitative and qualitative targets, most notably to meet learner numbers and related funding targets and improve learner Success Rates, with national benchmarking applied to ensure compliance.

In 2019/20, the College achieved funding targets for mainstream 16-18, Adult Education Budget and Prison Education of 92.9%, 78.9% and 91.7% respectively. The limitations were due to Covid-19 implications.

UCW is currently rated as Gold for the Teaching Excellence and Student Outcomes Framework (TEF) placing it in the highest category for HE provision in the country. The OfS have recalculated the metrics they use as part of the TEF formula, and in June 2019 confirmed that UCW met the eligibility criteria to maintain the TEF Gold outcome. The outcome will remain in place until June 2021.

The number of HE students grew by 8% in 2019-20 compared to 2018-19. In terms of student experience (and contributory to the TEF award) the recently released 2020 National Student Survey (NSS) data has been positive. UCW is above or in line with the National average in eight out of nine criteria and in the top quartile for two areas.

The College is committed to observing the importance of the measures and indicators within the Quality Assurance Framework and routinely monitors these.

## 2.0 FINANCIAL POSITION

### 2.1 Financial Results

The Group generated a surplus after tax of £197k (£358k 2018/19), which represents 0.3% (0.50% 2018/19) of income after adjustments for Pensions. Total Comprehensive Income is stated after accounting for capital grants relating to the new Capital facilities. The Group surplus prior to pensions adjustments was over £2m in 2019/20, an excellent result against this key sector benchmark.

The Group receives its public funding direct from the ESFA, and the OFS. This is supplemented by income from tuition fees, (notably via the Student Loans Company), grants and other trading activities. Some 52% of turnover was received from public sources using a funding methodology based upon volumes of activity (2018/19: 55%). The payment of funds to the Corporation out of monies provided by the Secretaries of State for the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Education (DFE), is subject to terms and conditions detailed in the Financial Memorandum between the funding bodies and the College.

In 2019/20, the Group continued to place significant reliance on the education sector funding bodies for its principle funding sources, largely from recurrent grant. It received public funding of £33,610k for further education activities (£33,093k 2018/19).

Income from Advanced Learner Loans totalled £702k (£664k in 2018/19) and are accounted for on receipt.

Recurrent payroll increased by £3,251k (8%), reflecting the continued need to restructure the business in order to meet new obligations generated under the new prison education contract (PEF).

## WESTON COLLEGE GROUP

The college has six active subsidiary companies, Offender Learning Services Limited, Forward Futures Limited, Releasing New Potential C.I.C, Inspirational Events and Investments Ltd, Somax Ltd and The West of England Institute Ltd.

The principal activity of Offender Learning Services Limited is the provision of education services to prisons and this made a deficit of £197k in the year (2019: £110k (Surplus)). Forward Futures acts as a recruitment agency supplying the college with agency teaching and support staff and the company made a surplus of £335k in the year (2019: £227k). Releasing New Potential is a Community Interest Company aimed at providing offenders and learners with meaningful work experience, and it made a deficit of £101k in the year (2019: £33k). Inspirational Events and Investments Ltd faced major disruption this year as a result of the pandemic with both commercial operations of the Lauriston Hotel and the Winter Gardens being forced to close. In the period to 31 July 2020 it made a pre-tax deficit of £547k (2019: £191k). Somax Ltd, who provide logistics training, also suffered as a result of COVID restrictions. Despite many challenges, for the period to 31 July 2020 it delivered a pre-tax surplus of £27k (2019: £61k). Finally, the newest subsidiary to join the group in 2019/20 is the West of England Institute Ltd. Established on the grounds of Weston College being the successful anchor partner for the Institute of Technology, the company's predominant aim is to manage the distribution of partner funding. For the period to 31 July 2020 the company delivered a pre-tax surplus of £3k.

### **2.2 Treasury Policies and Objectives**

Treasury management is the management of the Group's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The College has a separate treasury management policy in place. Borrowing requires the authorisation of the Corporation. All borrowing complies with the requirements of the Financial Memorandum.

### **2.3 Cash flows**

Net cash inflow from operating activities totalled £6,677k (2018/19 outflow of £1,102k). The key cash inflows continued to be strong and results mainly from trading surpluses and management of other resources.

Under covenant arrangements, it is in agreement with Lloyds Bank plc that no breach of bank covenants exists as at 31 July 2020. With regards to Barclays Bank plc, a covenant waiver was in place whilst the conditions of borrowing were reset. Figures presented indicate a comfortable cushion between the total cost of servicing debt and operating cash flow throughout the year, and the banks continue to fully recognise the strong operational performance of the College Group.

### **2.4 Reserves Policy**

The unrestricted reserves accumulated by the Group now stand at £229k (2018/19: £9,899k).

The surplus and cash reserves will enable the College to continue its medium-term accommodation strategy without recourse to further borrowing, should it determine that this represents the most appropriate course of action. These reserves will also help protect against future uncertainties within the Sector such as material changes to funding regimes. During the year the Group's deposit investments, bank and cash balances increased by £3,326k to £13,262k. This represents a positive but unusual picture for a College in a sector dominated by financial and quality concerns.

### 3.0 CURRENT PERFORMANCE AND FUTURE DEVELOPMENT

#### 3.1 Student Numbers (Further Education)

The final returns made to the funding agencies show the following:

	2019/20	2018/19
ESFA funded 16-18 learners	2,915	3,416
ESFA funded adult learners	3,279	4,129
Apprenticeships	2,251	2,238
PEF learners (prisons)	10,179	10,679

#### 3.2 Student Achievements

There have been several exceptional student achievements during the last year. Some of the highlights include:

- A Level students do it again! Outstanding results with a 100% pass rate.
- Sports students Katie Sharkey and Ethan Reed selected to attend the national FA Leadership Academy.
- James Morris named the Civil Engineering Contractors Association (CECA) South West Apprentice of the Year.
- Three learners are in the final WorldSkills competition - Chloe Williams (Beauty), Joel Keen (Engineering) and Thomas Griffin (Computing).
- University Centre Weston (UCW) and Weston College graduate Henry Green named as the Association of Colleges (AoC) Higher Education Student of the Year runner-up.
- Footballer Ryan Jones selected to represent nationally for England Colleges.
- Finley Nock won Silver award in Health and Social Care Student of the Year and Emma Browning won the Bronze Award in the category Engineering Student of the Year at the prestigious annual BTEC Awards.

#### 3.3 Curriculum Review

##### Learner Outcomes

Achievements rates have remained strong against the national average for similar providers. Achievement and progress outcomes indicate that the College has managed key curriculum and qualification reforms well despite the interruption of Covid-19.

Achievement rates can be summarised as follows:

	17/18	18/19	19/20	National
Headline Timely	89.2	90.7	88.1	87.4
16-18 Timely	85.3	85.5	87.0	86.2
19+ Timely	92.3	94.8	89.1	88.5

As a result of Covid-19 there was no shadow data released for the 2019/20 academic year.

Subject	16/17	17/18	18/19
English	-0.09	0.04	0.09
Maths	-0.06	0.08	-0.09

Whilst timely achievement continues to be excellent, overall Apprenticeship outcomes have declined when compared against those achieved in previous years, with the performance of sub-contracted provision being the main underlining contributing factor.



## WESTON COLLEGE GROUP

The outcomes for the 2019/20 academic year can be seen below:

Area	Overall Ach	Nat. Avg.	RAG	Timely Ach	Nat. Avg.	RAG
College	68.9%	66.7%		67.6%	59.9%	
Direct delivery	70.1%	66.7%		67.7%	59.9%	
Subcontracted	60.6%	66.7%		66.7%	59.9%	

These results are particularly pleasing in the light of Covid-19 implications.

### Curriculum Development

A number of changes in government policy have shaped the College curriculum strategy both in 2019/20 and in its planning for 2020/21. The key curriculum developments and associated changes are as follows:

#### Technical Reforms

The Government outlined significant changes to technical education to include the introduction of new technical pathways or 'T' levels at level 3. The expectation is that 16-18-year-old learners will follow an academic, technical or apprenticeship pathway in the future.

One of the key areas for development in the new 'T' Level framework is an extended industry placement of up to 60 days per year. To support this the Government has made initial funding available to post 16 providers to build the necessary infrastructure and links with employers.

The Institute of Technology is a new employer-led initiative established by Government which will offer higher level technical education to help close skills gaps in key STEM areas. Weston College is the lead partner in the West of England IoT bid which includes other Colleges across the region in addition to the University of West of England and importantly major employers.

#### Adult Education

Devolution continues to have an impact on adult education in 2019/20. The West of England Combined Authority (WECA) currently holds the budget for adult education in 3 of the four authorities in the West of England region. The College sits within North Somerset which is not part of WECA. The College as a result receives adult funding from both the ESFA and WECA. Allocations from WECA will be driven by postcodes. The College continues to exercise an effective adult strategy in 2019/20 that aims to achieve the following:

- Reduce delivery by sub-contractors and bring increased direct delivery by the College team. Assure a clear purpose for all adult provision that is managed and delivered by College teams.
- Develop and expand community-based learning to include free tasters to support community engagement
- Develop blended learning packages for bespoke niche markets e.g. Autism awareness
- Develop a 'study programme' model for adult learners to support them to maximise the fundable learning opportunities available to them.
- Differentiate quality approaches to ensure the learner progress in part time adult groups is effective.

The College delivered 78.9% of its adult budget in 2019/20. The proportion of delivery by sub-contractors has remained at circa £1million. Learner achievement rates have remained high and above National Averages for similar providers.

#### Apprenticeships

This year the College has maintained its strategy of implementing apprenticeship standards and reducing apprenticeship frameworks as quickly as possible. This has helped to improve the financial position, giving us greater flexibility to respond to employer requirements and allowing us to create an apprenticeship programme bespoke to employers. Partnerships with companies such as Wessex Water and Avon Fire and Rescue have enabled the College to offer apprenticeships in vocational occupations such as Water Process Technician and Operational Firefighter that we have not been able to offer previously. This has enabled us to increase our apprenticeship portfolio and at the same time have a positive effect on apprenticeship income.

The reforms for apprenticeships have been fully recognised this year with regards to funding band adjustments. The Institute for Apprenticeships and Technical Education (IFATE) and Education and Skills Funding Agency (ESFA) have applied funding band adjustments to a large number of apprenticeship standards that has resulted in a decrease in funding per apprentice. In relation to the standards that are part of the College's offer, income for 18 apprenticeship standards have decreased, 10 have remained the same with only 1 apprenticeship standard increasing in value. The ESFA has also implemented revised funding rules to focus

on an apprentice's prior learning and achievement and ensure this is accounted for when agreeing a price with employers for apprenticeship delivery. This again will have an impact on funding per apprentice, but a number of management controls have been implemented to ensure the College meet the funding rules prescribed but at the same time maximise income generated.

Despite these in year changes the College has been able to meet our apprenticeship funding target due to the realisation of our growth strategy. The College has seen a £900k increase in apprenticeships for 2019/20 compared to the previous year. The delivery of direct apprenticeship provision has, however, been further increased and the subcontracting of apprenticeships this year has reduced, largely in line with our forecast last year. Subcontractor delivery for Weston College reduced to £137k this year, which amounts to just under 2% of apprenticeship funding. Subcontracting in the future will still be part of Weston College's strategy due to our employer partnerships with employers such as Wessex Water, Avon Fire and Rescue and EON and with UWE for our Degree Apprenticeship programmes, which will likely increase in future years as our degree apprenticeship offering increases.

Levy employers now account for 67% of apprenticeship income with non-levy employers being 33%. The ESFA are trialling the digital accounts for non-levy employers from September 2019 and the timeline for this to formally start is April 2021. This will present a further opportunity for the College to increase our income further for the next academic year from Small and Medium size employers.

### Higher Education

2019-20 has been a very successful year for University Centre Weston (UCW), the higher education (HE) section of the Weston College Group. UCW has received several accolades and awards;

- UCW's TEF Gold status was extended until summer 2021 based on the quality of data outcomes.
- Support staff were asked to deliver an OFS good practice webinar regarding UCW's integrated approach to inclusion in relation to Enabling Student Achievement.
- A Business Graduate was AOC HE Student of the Year runner up, and UCW staff and students were nominated for multiple Chartered Institute of Environmental Health (CIEH) Excellence Awards, winning Team of the year.

The number of HE students grew by 8% in 2019-20 compared to 2018-19. UCAS Applications for 2020-21 remain strong with target numbers to date either being met or exceeded. UCW's response to Covid-19 has been robust, ensuring support, learning, teaching and assessments continue. This measured approach, combined with low group sizes and state of the art facilities is believed to contribute directly to student applications remaining consistently high.

### 3.4 Accommodation and Capital Development

Through effective financial management, strong employer liaison and bids for LEP capital funding, 2019/20 has seen the opening of the new Animal Skills Education Centre which sees further state of the art accommodation being available for the benefit of both FE & HE students in this specific field. This again demonstrates the benefits of the business planning and partnership work of the college in recognising key skills and industry which require investment

In terms of further capital development, following completion of the above scheme, we are actively delivering our local aspects of the Institute of Technology as well as overseeing the capital investment of our partner organisation as the lead partner. These developments will provide employer focused training in the industries where technology is fast moving and ever changing.

In addition to the above, and with no investment necessary from the College, September 2020 will see the opening of a new 107 bed accommodation block for HE students in Weston super Mare. This significant development demonstrates the confidence that the private sector has in UCW and Weston College.

### 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 College for payment to suppliers is 95% which was achieved. The College incurred no interest charges in respect of late payments for the year ended 31 July 2020.

### 3.5 Events after the end of the reporting period

There are no events of material significance that require additional reporting.

### 3.6 Future Prospects

In July 2020 the Group submitted a medium-term financial forecast, projected forward for the next year that showed a continuance of annual surpluses after allowing for pension adjustments.

	20/21
<b>Surplus/(deficit) before interest, tax, depreciation and amortisation costs</b>	<b>2,948</b>
<u>Interest, tax, depreciation and amortisation costs</u>	
Depreciation and amortisation	2,120
Interest and other finance costs	587
<b>Surplus/(deficit) after interest, tax, depreciation and amortisation costs</b>	<b>241</b>

This represents ESFA-graded at least “Good” financial health and provides a strong level of confidence in the colleges’ medium term viability with the Grade score expecting to be on the border of ‘Outstanding’.

The Group will continue to strive to ensure that the best possible learning environment is in place for learners and is benefiting from three capital projects that have been recently completed. The Construction Groundworks Centre and the Health and Active Living Centre were completed in 2018/19 and the Animal Management Education Centre was completed in the last financial year. Subject to availability of resources, and confirmation of future volumes of students, further rationalisation of space is envisaged to continue to improve the learning infrastructure available to students. The Group continues to bid for capital grant from the West of England Combined Authority in furtherance with the objectives of the property strategy and also in terms of meeting the priorities of the West of England Combined Authority and North Somerset.

A strong corporate management team continues to ensure that standards are maintained, and the corporation hold management to account. The Principal and Chief Executive, recognising the changing and dynamic environment in which we now operate, implemented an Excellence Review in the second half of the current year recognising the importance of balancing continuing financial challenges, and the need to respond positively to the new post lockdown agenda in particular, and ensuring we have the right resources including staffing to make this happen.

The complete provision of prison education was re-tendered during 2018, with new contracts commencing on 1 April 2019. The College, building on its previous successes, was successful in being awarded three lots. Two of these cover the previous South West area, but the college was also awarded the contract for Kent, Surrey and Sussex. It is fair to say that this has been a very challenging year in terms of delivery, particularly in the South East where the need to fundamentally re structure the business has impacted on both operational and financial performance. The impact of COVID further added to these challenges and the need to ensure the financial position of the College Group as well as meet the demands of the key stakeholder with regards to this contract has at times been problematic.

We continue to look to be innovative in our delivery plans so that a greater number of learners can benefit from the contract, but this will require flexibility within the contract terms and the buy in of all partners involved.

The principal business activity of the wholly owned subsidiary, Forward Futures Ltd is the provision of staff recruitment and related services internally to the College and other College subsidiary companies. By making use of an internal company to place temporary staff the Group obtains the benefit of attracting a large pool of staff who have been vetted and have built up a track record with the College and this is easily identified when temporary vacancies are required.

Weston College is the only member of Releasing New Potential, a Community Interest Company. The principle activity of Releasing New Potential is to support the rehabilitation of prison offenders by providing meaningful

work experience, utilising the skills of specialist partners where appropriate, in a support role to our delivery of prison education provision by Offender Learning Services Limited.

Inspirational Events and Investments Ltd has two key elements to its work. Firstly, the running of the Lauriston Hotel, which with capital investment had seen improved performance, and the Winter Gardens commercial operations. Clearly the impact of COVID has been significant on the performance of the business and has led to some difficult decisions having to be made. Whilst the hotel has now re-opened, the impact of COVID 19 has had a dramatic effect on the company's income levels given the Hotel has been closed for the majority of its high season.

With regards to the Winter Gardens, the inability to reopen for major events and the numbers of people they attract means that we remain closed at the time of writing this report, and will do so until it is considered safe and financially sustainable to re-open. That said, we have taken this opportunity to employ external consultants to undertake a deep dive review into all elements of the building and how it has performed, so that when we re-open the business planning model is clear to both the college and its customers.

The retendering of the Prison education contracts has also meant the need to shift the focus of Somax Ltd, where previously a significant amount of its work had been achieved via Prison Education. With this in mind, as well as continuing to advance its logistics training, the company is responsible for the commercial training at the Construction Skills centre, where state of the art facilities were already paying dividends in terms of up to date industry training and meeting the demands of many employers, up to the point of COVID lockdown. Whilst we are now re-opened the limitations of social distancing has had an impact on the numbers of learners any course can hold and therefore has had a negative impact on the business plan model.

In summary, whilst funding remains tight across the sector, the combination of innovative and commercial approaches, together with a drive to ensure high quality provision for learners at all times is ensuring that Weston College Group under the leadership of the Principal and Chief Executive continues to buck the trend of the sector. This post lockdown period will undoubtedly be a testing one, and the ability to take new financial investment decisions, where there are inherent risks, will be reduced.

## 4.0 RESOURCES

The Group has various resources that it can deploy in pursuit of its strategic objectives.

### 4.1 People

The Group has an outstanding and well-trained workforce, during the year employing an average of 1,012 full-time equivalents (2018/19 1,090) of whom 627 (2018/19 659) are teaching staff.

#### Facilities Time Calculations

**Table 1 – Relevant trade union officials**

Number of employees who were trade union officials during the relevant period	Full time equivalent employee number
2	1.8

**Table 2 – Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	
1% - 50%	2
51% - 99%	
100%	

**Table 3 – Percentage of pay bill spent on facility time**

	Detail	
a	Calculate the hourly cost for each relevant union official employed during the period	Total £65.84
b	Number of paid facility time hours per official over 12 months	Total 260
c	Calculate the total annual facility time cost per relevant employee	£5,406
d	Total cost of facility time	£9,731
e	Total pay bill	£38,034,000
f	Percentage of total pay bill spent on facility time  $\frac{\text{Total cost of facility time} \times 100}{\text{Total pay bill}}$	0.03%

**Table 4 – Paid trade union activities**

	Detail	
g	Time spent on paid trade union activities as a percentage of total paid facility time hours  $\frac{\text{Total hours spend on trade union activities} \times 100}{\text{Total paid facility time hours}}$	100%

## 4.2 Financial

The Group has £229k (2018/19 £9,899k) of net assets (after allowing for £31,042k (2018/19 £19,216k) pension liability) and long-term debt of £50,834k (2018/19 £50,101k) on a turnover of £64,278k (2018/19 £60,077k). A significant proportion of long-term debt relates to deferred capital grants in support of capital projects. These grants will be amortised in line with the depreciation of the related fixed asset.

## 5.0 PRINCIPAL RISKS AND UNCERTAINTIES

The Group maintains a risk management approach to its activities with the Governing Body approving a schedule of risks and associated policy at least annually.

Based on the Strategic Plan, the Risk Management Group has confirmed the risks to which the Group is exposed. They identify systems and procedures, including specific actions which should mitigate any potential impact on the Group. The internal controls are then implemented, and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group also considers any risks which may arise as a result of a new area of work being undertaken by the Group.

The risk register is maintained at the Group level and is regularly reviewed by management and formally reviewed by the Audit Committee at least three times a year. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Group and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system; applied across the Group. The relative risk scores has driven the agenda of the Risk Management Group with deep dive exercises having been completed on those relative high scoring risks.

In the second half of the year, COVID 19 and its implications has been identified both as its own risk, but the register also identifies its impact on existing risks. Because of its disproportionate impact and the need for the College to respond at pace whilst ensuring the continuing health and safety of its staff and learners, the Principal and Chief Executive has established the MOMENTUM group to ensure a whole college approach to reopening and moving the College forward in this new environment.

## WESTON COLLEGE GROUP

Outlined below is a description of the principal risk factors that may affect the Group. Not all the factors are within the Group's control. Other factors besides those listed below may also adversely affect the Group:

Title of Risk	Risks Identified	Key Controls
Maintaining 'good' or 'outstanding' financial positions Inc. cashflows	<p>Insufficient cost savings/ fee income growth to balance relative loss in funding</p> <p>Very noticeable turbulence with FE college finances, especially in the SW.</p> <p>Diversity of College is a strength but as we build new business, there is a danger in terms of financial performance.</p> <p>New activity and adverse impact on cashflow e.g. apprenticeships</p>	<p>Monthly Budget monitoring, focussing on all areas of business</p> <p>Sensitivity analysis of three-year budget</p> <p>Monthly cashflow monitoring recognising pressures of apprenticeships and new capital programme. Cashflow to be extended for three years in line with expectation of external guidelines.</p> <p>Robust Business Planning, notably in relation to new business activity.</p> <p>Management of staff/turnover and other KPIs e.g. borrowing in line with expectations of FE Commissioner</p>
Ensuring Quality of Provision is very high taking into account a new 'subjective' Ofsted framework from September 2019	<p>College does not achieve good or outstanding at next inspection</p> <p>Reputation declines effecting ability to win contracts or expand into new provision</p> <p>Learners outcomes are not high, and they do not progress onto positive destinations</p>	<p>Robust quality cycle provides support, challenge and intervention where necessary including:</p> <ul style="list-style-type: none"> <li>• Observations of staff</li> <li>• Quality and performance reviews</li> <li>• Performance management of staff</li> </ul> <p>Support and training for managers to increase awareness, ownership and accountability for quality</p>
Adult Budget from both ESFA/ WECA perspective	<p>Through the revised funding allocation methodology, the college's adult Education funding (currently £5.170m) could be reduced, particularly if the methodology saw a greater percentage going to WECA at a time when North Somerset is non- devolved</p>	<p>Strong annual performance provides confidence of delivery to both WECA and ESFA.</p> <p>3 additional bids for funding have been gained along with a contract with national Careers Service which brings in further income</p> <p>ESFA 20/21 allocation has been confirmed and is an improved picture.</p>
Augar review of Post 18 education-effect on adult funding and Higher Education	<p>The Augar review was established in 2018 with the aim of driving up quality, increasing choice and ensuring value for money are at the heart of a major review</p>	<p>The review will focus on the following four areas, each of which will need to be managed and profiled:</p> <p>Choice:</p> <p>Value for money</p>

# WESTON COLLEGE GROUP

	of post-18 education. The outcomes of the review may impact upon funding levels in both HE and FE sectors, and potentially see a switch between the two sectors.	Access Skills provision. Weston College will need to ensure it is well placed to take advantage of the opportunities presented. The results and implementation may be delayed due to the ongoing Brexit/No Deal negotiations.
Increased Pension costs for Colleges	Probable risk of increasing employer contributions relating to both Local Government Pension Scheme (LGPS) and Teachers Pension Scheme (TPS) having a material adverse impact on budget and therefore quality of provision	Ensure 3 year budget plan takes account of likely increases to allow early actions to be taken to cover costs Lobbying via AoC to allow additional costs to be covered by an increase in funding Cost planning with Actuary to determine how best to manage Investigate alternative schemes if Pensions costs become prohibitive to long term financial sustainability of the College Manage staffing at an appropriate level through Forward Futures
New contracts e.g. national career service, PEF etc.	Ensuring the College is able to deliver on new contracts both in terms of quality and financial parameters as established by Leadership Board and Corporation	New Contract for 2 South West lots and Kent Surrey and Sussex Lot, increase in activity £10m to £17m, with potential to grow further. More robust payment model in place. First year challenges will focus on staffing and curriculum. New contracts being delivered in pre-employment and traineeships with potential to deliver good contribution, again our quality will determine success
Commercial monitoring/management of non-FE work	Ensuring that management and monitoring of non-FE work is robust and enables a contribution to be made to support core activities	Clear Corporate oversight. Business/curriculum plans established and signed off by leadership board. Budget allocated to secure human resource to market, establish and deliver curriculum. Budget and progress reviews established to monitor progress closely. Project progress reviewed monthly at leadership board. Need to ensure that estate use is operating at optimal

# WESTON COLLEGE GROUP

		level, given growth in Group properties. Major lead by Principal and Chief Executive in Industrial, commercial and HE partnership.
Ability to hit targets of key projects e.g. maths Centre of Excellence, Institute of Technology (if approved); HALC, Groundworks Centre and Animal Care Centre	<p>The College is currently undertaking a significant number of high-profile Capital and Revenue projects.</p> <p>There are several risks relating to a, successful delivery, in terms of timing, quality and financial.</p> <p>Following implementation, the projects come with target numbers e.g. increase in learners. In many cases there is a danger of funding clawback if these targets are not materially met.</p> <p>In addition, now that approval for the IoT has been received, the College as Accountable body will be responsible for the overall project which includes learner numbers to be delivered by other Colleges within the partnership.</p> <p>Failure to achieve any of the above would have a potential significant impact on the College's reputation.</p>	<p>Where major schemes are being undertaken, the Capital Projects Working Group is formed and meets every three weeks to consider both delivery of projects as well as financial analysis.</p> <p>The IoT project has now reached approval and delivery stage. Concerns over financial viability of partner colleges have either been addressed or robust monitoring has been established.</p> <p>Regular monitoring returns have made in relation to Flexible Learning fund, Maths Centre of Excellence without issue.</p> <p>The current risk score reflects the magnitude of the IoT.</p>
Maintaining ethos on a growing multi campus site	<p>The Weston College ethos is without doubt a critical factor in the ongoing success of the College Group. This may become harder to sustain as delivery is spread over a greater number of campuses. Risks relate to:</p> <p>Lack of visibility at site level</p> <p>Avoidance of silo mentality</p> <p>Consistency of provision</p> <p>Single positive message reflecting the quality of Weston College and Learner first.</p>	<p>Regular audit and reviews of Faculty and Campus by Leadership Board</p> <p>Senior Leadership meetings</p> <p>Feedback from Student Council</p> <p>Creation and appointment to key roles</p> <p>Clear channels of communication established</p>
Recruiting and Retaining skilled staff who put learners first	<p>Insufficient skilled and motivated staff. Some skills shortages are evident reflecting national picture for maths, English and sciences.</p> <p>Other hard to fill posts include:</p> <p>Engineering</p>	<p>Competitive pay &amp; conditions. HR recruitment function is robust, but prison vetting, location and skills shortages are external factors.</p> <p>Positive impact of Weston's unique offer, Sunday Times Best 100 Companies</p>



WESTON COLLEGE GROUP

	<p>Construction Cyber / Tech Vocational Trainer Assessors of all disciplines (e.g. Business Admin, Customer Services, Management etc) PEF staffing shortages remain in more rural areas with poor public transport options. Managing at a distance for new areas may add a further dimension Loss of key staff and poor succession planning unable to ensure “business as usual” continuity.</p>	<p>Competitive pay and kudos for working in OFSTED Outstanding college. Investors in People Gold &amp; Champion status – demonstrates commitment to excellent people management. World-class, state of the art facilities attracts and retain talent. Focus on engineering provision in particular to lessen risks of disruption to learning or poor experience. Actions underway to plug gaps. Staffing complement at present is ensuring that vacancies filled. Teaching Observations; Self-Assessment process &amp; Appraisals</p>
Management of apprenticeships especially at a distance	<p>With funding now in the hands of employers, it is essential that the College provides high quality training to ensure continuation and growth of major contracts. This is particularly important where delivery is provided at a distance from Head Office.</p>	<p>The College will need to ensure that the core elements of its apprenticeship strategy are delivered. This requires a whole organisational understanding Clear corporate oversight. Apprenticeship strategy milestones reviewed regularly by leadership board. All contracts to be signed off by Principal ensuring no rogue arrangements which could imply sub-contracting. Clear and coherent approach to sales, recruitment and marketing established and outputs being monitored. Increased resource to monitor, review and support quality within apprenticeships. Quality improvement group in place to drive up standard of teaching, learning and assessment practice.</p>
College Estates Development and associated Health & Safety, safeguarding etc.	<p>Major health &amp; safety failure, notably</p> <ul style="list-style-type: none"> <li>a. reduction in prison staffing, affecting staff security, and</li> <li>b. new activity (construction groundworks, IEI)</li> <li>c. Workplace training for growing number of apprentices and learners</li> </ul>	<p>Implementation of all policies including revised Health and Safety policy. Dedicated H&amp;S officer. Regular campus and facility audits, Programme to be signed off by Leadership Board. Regular testing and reporting of procedures to ensure adherence Early recognition &amp; intervention achieved as a result of rigorous monitoring</p>

## WESTON COLLEGE GROUP

	Failure in child and vulnerable adult safeguarding procedures including counterterrorism and extremism	of effective and regular training for staff, students & governors in safeguarding disclosure procedures in conjunction with the Local Authority & Channel Officers.
Impact of COVID 19 both in the immediate and medium term on the College and all of its activities	Major failure of elements of provision due to the impact of COVID-19 including financial, reputational, staffing and quality of provision	Implementation of business continuity policy, including introduction of specific COVID-19 action plan Introduction of online learning to ensure delivery can continue for learners. Facilities available for vulnerable learners to study at College if appropriate Implementation of regular monitoring and testing of learners to support assessment Ongoing dialogue with suppliers to ensure continuity of service where appropriate Cashflow projections to Leadership Board and Governing Body to ensure financial wellbeing of College Consideration of furlough scheme for relevant areas of College activity Management of all processes and decisions through MOMENTUM group, chaired by Principal and Chief Executive

### 6.0 STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Weston College has many stakeholders. These include Students; Funding Bodies; Staff; Local employers (with specific links); Local Authorities; Government Offices / Local Enterprise Partnerships; the local community; other FE and HE institutions; Trade Unions; Professional bodies; the HMPPS; the Ministry of Justice and individual prisons.

The Group recognises the importance of these relationships and engages in regular communication with stakeholders through regular face to face meetings and national forums. The Weston College Group is represented regionally by the Principal and Chief Executive in the North Somerset Partnership, meetings with West of England LEP, his role as Principal's Professional Council (PPC) representing both South West England and Wales and sitting on the Ofsted Appeals Panel.

In addition, the Principal represents the South West on a range of local and national boards. This includes representing South West colleges on the Association of Colleges (AOC) National Board, chairing the national group on Mathematics and English development and chairing the western Principals group meetings. Since 2017, the Principal was appointed as one of the seven national leaders for Further Education (NLFE) and was also appointed to the FE Commissioner's Principals Reference Group. His work, in the field of cost benefit analysis of education and in management of change is recognised nationally.

## WESTON COLLEGE GROUP

In 2017, the Principal was honoured by a CBE for his work in Further and Higher Education as well as receiving an honorary doctorate from University of West of England, Bristol together with the Queen's Anniversary Award for Further and Higher Education. In January 2019, at a major awards ceremony in London, sponsored by the Times Educational Supplement and the Association of Colleges, he received the TES 'FE Leader of the Year Award' recognising the significant work he has done for both his college and the sector.

The Principal is often asked to speak at National Conferences. This year this has included work with the SEND agenda and Mathematics and English within the FE curriculum, which recently has included the AOC National Conference for Finance Directors in Birmingham, the Finance Directors Association.

### **7.0 STAFF AND STUDENT INVOLVEMENT**

The Group considers good communication with its staff to be very important and to this end publishes regular newsletters for its entire staff and conducts regular staff briefings. The Group encourages staff and student involvement through membership of formal committees and a range of informal structures. The Group has effective Student Support and counselling services and there is an active Student Union. There are two staff members and two student members on the Corporation Board. The Principal created a 'Momentum' group to manage all Covid-19 implications and a 'Virtual College' communication channel.

### **8.0 EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS**

Weston College is committed to ensuring equality of opportunity for all who learn and work at the College. It respects and values differences in race, gender, sexual orientation, able-bodiedness, class and age and strives vigorously to remove conditions which place people at a disadvantage. The College's Equality & Diversity Policy, including its Race Relations Policy, is published on the College's Internet site.

A Single Equality Scheme and Action Plan has been developed and is available on the College website. It is approved by the Governing Body and reviewed on an on-going basis.

The Group considers all applications from people with disabilities, bearing in mind the aptitudes of the individuals concerned. Where an existing employee experiences a disability, every effort is made to ensure that employment with the Group continues. The Group's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Weston College group is committed to safeguarding our students (children, young people and adults at risk), staff and visitors. Strong protection and preventative approaches are in place which encompass students' health, safety, welfare and well-being. College staff are trained on the range of vulnerabilities that would indicate that an individual may need support and are guided by "Keeping Children Safe in education: for schools and colleges", "Working together to safeguard children" and "Prevent Duty Guidance: for England and Wales". The College's Safeguarding (including Prevent) Policy, reviewed annually by the corporation, is published on the College's internet site and the Prevent Action Plan is reviewed termly by the Safeguarding Committee.

### **9.0 DISABILITY STATEMENT**

The Group seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and the Disability Discrimination Act 2005. The Group holds a wide range of specialist equipment for use by students; offers curriculum and support staff for its extensive Special Learning Difficulties and Disabilities (SLDD) programme and offers counselling and welfare services.

### **10.0 ENVIRONMENTAL STATEMENT**

The Group seeks to continuously improve its environmental performance in the areas of infrastructure and operations, academic courses and communication. This is evident from the appearance of the College's campuses, where new build aspires and often meets the "BREAMM Outstanding" standard. Such Buildings include the Winter Gardens, Construction Skills Centre and the Health and Active Living Centre.

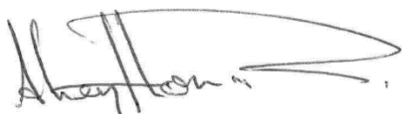
## **11.0 HEALTH & SAFETY**

The Group fulfilled its obligations under the Health & Safety at Work Act and associated legislation throughout the year. The Corporation received and approved the Health & Safety Annual Report within the year. Audit Committee scrutinised Health & Safety data at each meeting including accident statistics. Weston College has been awarded the British Safety Council 5\* grading and is one of very few organisations to have received the "Sword of Honour" for the management of Health and Safety.

## **12.0 DISCLOSURE OF INFORMATION TO AUDITORS**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each member has taken all the steps they ought to have taken to be aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:**



**Signed**

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**Andrew Leighton-Price, Chair**

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

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

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code"); and
- iii. having due regard to the UK Corporate Governance Code 2014 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31 July 2020. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code issued by the Association of Colleges in March 2015, which it formally adopted on 28 September 2015. Compliance against the requirements of the Code are scrutinised by Corporation on an annual basis.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

**The Corporation**

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below. The Corporation can have up to 20 members: -

	<b>Date of Original Appointment</b>	<b>Date of most recent Reappointment</b>	<b>Termination/ Next Re-appointment Date</b>	<b>Attendance at Corporation in year (max: 6 meetings)</b>
Ann Driver	10/2018		06/2022	6/6
Alex Nestor	02/2019		06/2022	Nil
Mark Canniford	06/2007	06/2020	06/2021	5/6
Chris Carter	08/2006	06/2020	06/2021	5/6
Tim Cowley	12/2014	06/2020	06/2021	2/6
Gemma Day	02/2014	06/2020	06/2021	6/6
Andrew Leighton Price	12/2014	06/2020	06/2021	6/6
Jo Midgley	05/2015	06/2020	06/2021	5/6
Simon Earles	06/2019		06/2021	3/4
Paul Ashbee	10/2019		10/2021	3/4
Grahame Paine	10/2019		10/2021	4/5
<b>Staff Members</b>				
Fiona Waters – Support	04/1999	06/2020	06/2021	5/6
Maxine Park- Academic	07/2009	06/2020	06/2021	5/6
Ian Porter – H&S	02/2009	06/2020	06/2021	6/6
<b>Student Member</b>				
Katie Wilkinson	02/2020		02/2021	2/2
Dr Paul Phillips - Principal	01/2001		Indefinite	6/6

## WESTON COLLEGE GROUP

Joanne Philpott – Clerk to the Corporation	10/2018	06/2020	06/2021	6/6
<b>Corporation Associates</b>				
John Penrose	05/2012			n/a
Jane Hadfield	02/2015			n/a
George Reah	12/2019			n/a
David Jacobs	06/2016	External member, Audit Committee		n/a

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets five times per year plus has two Away Days where the strategy for the College is explored and agreed.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. The committees are: Finance, Remuneration, FE Curriculum and Quality, HE Curriculum and Quality, Search and Audit. Capital Projects Working Group has also sat during 2019/20 to oversee the building projects of the Animal Management Centre and Institute of Technology.

Full minutes of all meetings are available on request from the Clerk to the Corporation at:

Weston College  
Knightstone Road  
Weston – super – Mare  
BS23 2AL

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address. All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole. Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis. This is in line with Standing Orders.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office for an initial four-year term and subsequently this is renewed on an annual basis.

### **Remuneration Committee**

Throughout the year ending 31 July 2020 the College's Remuneration Committee comprised three members of the Corporation, excluding the Principal and Chief Executive, staff and student governors. The Committee's responsibilities are to agree the remuneration and benefits of the Accounting Officer and other key management personnel.

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

## **Audit Committee**

The Audit Committee comprises three members of the Corporation (excluding the Accounting Officer and Chair) plus an external member. The Committee operates in accordance with written terms of reference approved by the Corporation.

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

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented. The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

## **Internal control**

### *Scope of responsibility*

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Weston College and the funding bodies. 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 objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Weston College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

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

### *The risk and control framework*

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body 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.

Weston College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

#### *Review of effectiveness*

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (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 and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

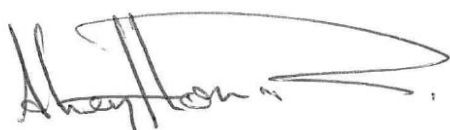
The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

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

#### **Going concern**

The Corporation considers that the College Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. The key reasons underlying this judgement are the levels of cash in the Group, the timescales for repayment of debt and the fundability of that in the upcoming period, the success with moving to online delivery of educational provision and the continued engagement with the College by students. This is taken on a Group basis, whilst the position in certain subsidiaries is more impacted by the effects of Covid-19, at a group level, this is not going to pose any risk to the group overall.

**Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:**



**Andrew Leighton-Price**  
Chair



**GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING**

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

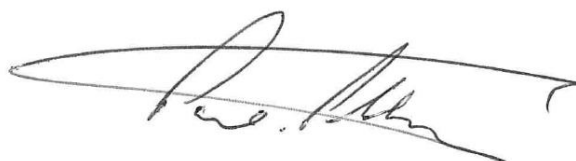
We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Education and Skills Funding Agency's terms and conditions of funding under the College's financial memorandum.

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

**Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:**



**Signed** \_\_\_\_\_  
**Andrew Leighton-Price**  
**Chair**



**Signed** \_\_\_\_\_  
**Dr Paul Phillips C.B.E.**  
**Principal & Chief Executive**  
**(Accounting Officer)**

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the Financial Memorandum between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2019 to 2020* issued jointly by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

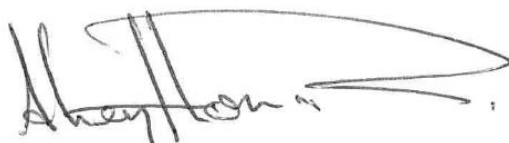
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on 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 the legal and administrative status of the College.

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 the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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 Education and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Education and Skills Funding Agency are not put at risk.

**Approved by order of the members of the Corporation on 7 December 2020 and signed on its behalf by:**



**Signed**

\_\_\_\_\_  
**Andrew Leighton-Price,  
Chair**

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WESTON COLLEGE GROUP

### Opinion

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

In our opinion the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

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

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

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

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

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

**Responsibilities of the Corporation of Weston College Group**

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 27, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the Group's and the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the Group or the College or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 21 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

**RSM UK AUDIT LLP**  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

Date: 11.12.20

WESTON COLLEGE GROUP

CONSOLIDATED AND COLLEGE STATEMENT of  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2020

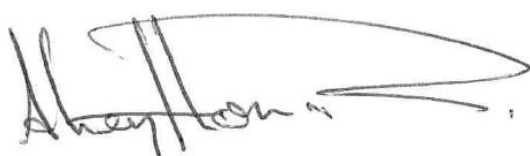
	Notes	Year ended 31 July 2020		Year ended 31 July 2019	
		Group £000	College £000	Group £000	College £000
<b>INCOME</b>					
Funding body grants	2	33,610	33,537	33,093	33,093
Tuition fees and education contracts	3	8,958	8,958	8,729	8,594
Other grants and contracts	4	4,552	3,451	2,314	2,312
Other income	5	17,140	2,524	15,876	4,019
Investment income	6	18	18	65	64
Donations and Endowments	7	-	782	-	304
<b>Total income</b>		<b>64,278</b>	<b>49,270</b>	<b>60,077</b>	<b>48,386</b>
<b>EXPENDITURE</b>					
Staff costs	8	42,022	29,109	38,780	29,676
Restructuring costs	8	420	187	189	139
Other operating expenses	9	18,641	15,611	18,332	15,710
Depreciation	12	2,201	2,158	1,707	1,664
Interest and other finance costs	10	909	827	746	716
<b>Total expenditure</b>		<b>64,193</b>	<b>47,892</b>	<b>59,754</b>	<b>47,905</b>
<b>Surplus before other gains and losses</b>		<b>85</b>	<b>1,378</b>	<b>323</b>	<b>481</b>
Surplus on disposal of fixed assets		-	-	-	-
<b>Surplus before tax</b>		<b>85</b>	<b>1,378</b>	<b>323</b>	<b>481</b>
Taxation	11	112	-	35	-
<b>Surplus for the year</b>		<b>197</b>	<b>1,378</b>	<b>358</b>	<b>481</b>
Transfer of Assets on Disposal	14	-	-	(15,204)	-
Actuarial gain/(loss) in respect of pensions schemes	28	(9,867)	(8,535)	(6,860)	(6,047)
<b>Total comprehensive (expense)/income for the year</b>		<b>(9,670)</b>	<b>(7,157)</b>	<b>(21,706)</b>	<b>(5,566)</b>
Represented by:					
Unrestricted comprehensive (expense)/income		(9,670)	(7,157)	(21,706)	(5,566)
		<b>(9,670)</b>	<b>(7,157)</b>	<b>(21,706)</b>	<b>(5,566)</b>

WESTON COLLEGE GROUP

CONSOLIDATED AND COLLEGE STATEMENT  
OF FINANCIAL POSITION  
AS AT 31 JULY 2020

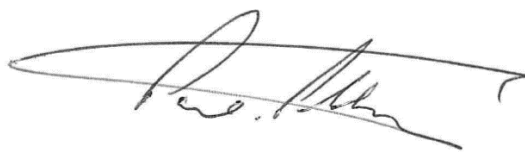
	Notes	Group 2020 £000	College 2020 £000	Group 2019 £000	College 2019 £000
<b>Non current assets</b>					
Tangible Fixed assets	12	70,114	70,077	68,538	68,489
Intangible Fixed assets	13	30	-	-	-
Investments	14	-	1,962	-	1,901
		<b>70,144</b>	<b>72,039</b>	<b>68,538</b>	<b>70,390</b>
<b>Current assets</b>					
Stocks		274	272	434	416
Trade and other receivables	16	5,131	4,421	5,590	5,450
Investments	17	-	-	3,000	3,000
Cash and cash equivalents	24	13,262	12,292	6,936	4,610
		<b>18,667</b>	<b>16,985</b>	<b>15,960</b>	<b>13,476</b>
Less: Creditors - amounts falling due within one year	18	(6,706)	(6,065)	(5,282)	(4,642)
<b>Net current assets</b>		<b>11,961</b>	<b>10,920</b>	<b>10,678</b>	<b>8,834</b>
<b>Total assets less current liabilities</b>		<b>82,105</b>	<b>82,959</b>	<b>79,216</b>	<b>79,224</b>
Creditors - amounts falling due after more than one year	19	(50,834)	(50,834)	(50,101)	(50,101)
<b>Provisions</b>					
Defined benefit obligations	28	(30,304)	(26,553)	(18,413)	(16,329)
Other provisions	22	(738)	(738)	(803)	(803)
<b>Total net assets</b>		<b>229</b>	<b>4,834</b>	<b>9,899</b>	<b>11,991</b>
<b>Unrestricted Reserves</b>					
Income and expenditure account		(2,213)	2,392	7,358	9,450
Revaluation reserve		2,442	2,442	2,541	2,541
<b>Total unrestricted reserves</b>		<b>229</b>	<b>4,834</b>	<b>9,899</b>	<b>11,991</b>
<b>Total Reserves</b>		<b>229</b>	<b>4,834</b>	<b>9,899</b>	<b>11,991</b>

The Financial Statements on Pages 28 - 53 were approved by the Corporation on 7 December 2020 and were signed on its behalf by:



Signed

Andrew Leighton-Price  
Chair



Signed

Dr P L Phillips CBE  
Principal and Chief Executive  
(Accounting Officer)

WESTON COLLEGE GROUP

**Consolidated and College Statement of Changes  
in Reserves**

	Income and expenditure account £000	Revaluation reserve £000	Total £000
<b>Group</b>			
<b>Balance at 1 August 2018</b>	<b>28,965</b>	<b>2,640</b>	<b>31,605</b>
Surplus from the income and expenditure account	358	-	358
Other comprehensive expense	(22,064)	-	(22,064)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
<b>Total comprehensive income for the year</b>	<b>(21,607)</b>	<b>(99)</b>	<b>(21,706)</b>
<b>Balance at 31 July 2019</b>	<b>7,358</b>	<b>2,541</b>	<b>9,899</b>
Surplus from the income and expenditure account	197	-	197
Other comprehensive income	(9,867)	-	(9,867)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
<b>Total comprehensive income for the year</b>	<b>(9,571)</b>	<b>(99)</b>	<b>(9,670)</b>
<b>Balance at 31 July 2020</b>	<b>(2,213)</b>	<b>2,442</b>	<b>229</b>
<b>College</b>			
<b>Balance at 1 August 2018</b>	<b>14,917</b>	<b>2,640</b>	<b>17,557</b>
Surplus from the income and expenditure account	481	-	481
Other comprehensive expense	(6,047)	-	(6,047)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
<b>Total comprehensive income for the year</b>	<b>(5,467)</b>	<b>(99)</b>	<b>(5,566)</b>
<b>Balance at 31 July 2019</b>	<b>9,450</b>	<b>2,541</b>	<b>11,991</b>
Surplus from the income and expenditure account	1,378	-	1,378
Other comprehensive income	(8,535)	-	(8,535)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
<b>Total comprehensive income for the year</b>	<b>(7,058)</b>	<b>(99)</b>	<b>(7,157)</b>
<b>Balance at 31 July 2020</b>	<b>2,392</b>	<b>2,442</b>	<b>4,834</b>

WESTON COLLEGE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £000	2019 £000
<b>Cash flow from operating activities</b>			
Surplus for the year		197	358
<b>Adjustment for non-cash items</b>			
Depreciation		2,216	1,707
DCG Released		(857)	(950)
(Increase)/decrease in stocks		160	(124)
(Increase)/decrease in debtors		455	(3,354)
Increase/(decrease) in creditors due within one year		1,068	(597)
Increase/(decrease) in creditors due after one year		-	-
Pensions costs less contributions payable		1,549	1,172
<b>Adjustment for investing or financing activities:</b>			
Investment income		(18)	(60)
Interest payable		889	746
<b>Net cash flow from operating activities</b>		<u>5,659</u>	<u>(1,102)</u>
<b>Cash flows from investing activities</b>			
Investment income		18	60
Withdrawal of deposits		3,000	-
DCG Received		1,534	8,630
Cash (outflow) from disposal		-	(775)
Payments made to acquire fixed assets		(3,822)	(11,196)
		<u>730</u>	<u>(3,281)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(472)	(453)
Interest element of hire purchase payments		(8)	-
New unsecured loans		1,000	5,000
New hire purchase		728	-
Repayments of amounts borrowed		(1,268)	(1,143)
Repayments of hire purchase		(43)	-
		<u>(63)</u>	<u>3,404</u>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<u><b>6,326</b></u>	<u><b>(979)</b></u>
Cash and cash equivalents at beginning of the year	23	6,936	7,915
Cash and cash equivalents at end of the year	23	13,262	6,936



**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2020****1. Accounting policies****Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

**Basis of Accounting**

The Financial Statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

**Going Concern**

The activities of the Group, together with the factors likely to affect its future development and performance, are set out in the Strategic Report. The financial position of the Group, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The Group has £15,393k (2019: £15,661k) of loans outstanding with bankers on terms negotiated in 2009, 2010, 2014, 2017, 2019 and 2020, with the majority of the five loans being secured by a charge on Group assets. Of this, all but £1,710k is due for repayment after July 2021, with a matching level in the financial year to July 2022 and these repayments are fundable by the strong cash position at the year end and forecast cashflows across the period. The Group's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

Whilst Covid-19 has had an economic impact nationwide, and has led to some difficulties in the education sector more widely, the Group has successfully migrated a high proportion of learning to an online delivery model, and registrations for the current financial year have demonstrated that students are receptive to this model of delivery and still engaging with the College. Certain subsidiaries of the Group are facing more challenging times, most significantly Inspirational Events and Investments Limited, and the financial statements of the subsidiaries cover their position, however the position of the affected subsidiaries will not have a material effect on the view of the Group overall as a going concern.

Accordingly, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the financial statements and for this reason will continue to adopt the going concern basis in its preparation of its Financial Statements.

**Basis of Consolidation**

The consolidated financial statements include the College and its subsidiaries, Forward Futures Limited, Offender Learning Services Limited, Inspirational Events and Investments Ltd Somax Ltd, West of England Institute Ltd (from 30 October 2019) and Releasing New Potential Limited. Intra group sales and profits are eliminated fully on consolidation. All subsidiary accounts are made up to 31 July 2020.

In previous years, the accounts of Inspirational Futures Trust (IFT), a multi academy Trust sponsored by Weston College were also, on the advice of previous external auditors, consolidated within the Group accounts. Following the decision of Weston College to cease sponsorship of IFT with immediate effect on 29 August 2018 and the subsequent changes to the Articles of IFT, consolidation no longer occurred from the date outlined above.

**Recognition of Income**

Income from research grants, contracts and other services is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

## 1. Accounting policies continued

The recurrent grants from the Funding Bodies represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Government capital grants are accounted for under the accrual model and held as deferred income and recognised in income over the expected useful life of the asset, as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is recognised in the period for which it is receivable and includes all fees chargeable to students or their sponsors. Income from Advanced Learner Loans is recognised in the period for which it is received from the Student Loan Company.

### Pension Schemes

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Group 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 triennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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. The assets of the LGPS are measured using closing bid price values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

### Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

### Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the Group quarterly. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the Group's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

## 1. Accounting policies continued

### Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

#### Land and Buildings

Land and buildings inherited from the Local Education Authority are stated at a valuation existing at 31 July 1999 when the Group implemented the relevant accounting standard (then FRS 15) for the first time. This valuation is based on depreciated replacement cost as the open market value for existing use is not readily available. Land and buildings acquired since Incorporation are included in the balance sheet at cost. The cost includes the original purchase price of the asset and the costs incurred in bringing the asset into use.

Freehold land is not depreciated

Freehold buildings are depreciated over their expected economic life to the Group of 50 years. Major building improvements, such as window replacement and concrete treatment have been depreciated over their economic life of 25 years.

Leasehold land is depreciated over the life of the lease and leasehold buildings over their expected economic life to the Group of 50 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 capital grant account and are 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.

#### Assets in the course of construction

These are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

#### Equipment

Equipment costing less than £5,000 per individual item is written off to the Income and Expenditure Account in the period of acquisition. All other equipment is capitalised at cost and depreciated over its expected economic life on a straight-line basis as follows:

Computer Equipment	3 years
Software	5 years
Other Facilities, fittings and equipment	10 years

Where equipment is acquired with the aid of specific grants they are capitalised and depreciated in accordance with the above policy, with the related grants being credited to a deferred capital grant account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset.

#### Subsequent Expenditure

Expenditure incurred after tangible fixed assets have been brought into operation, such as repairs and maintenance, is normally charged to the Income and Expenditure account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of an item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

### Non-current Assets - Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over their expected economic life on a straight line basis as follows:

Goodwill      50%

## **1. Accounting policies continued**

### **Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

Costs in respect of finance leases are charged to the Balance Sheet and depreciated to the Income and Expenditure Account over the useful economic life of the asset in line with the Group's Fixed Asset Policy. Interest on the lease is charged to the Income and Expenditure Account as incurred.

### **Inventories**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Stocks are valued at the first in first out (FIFO) method.

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Taxes Act 2010 or Section 256 of the taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's other subsidiary Companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### **Management of surplus funds**

The Corporation is committed to ensuring that all funds under its control are managed in such a way as to maximise return whilst minimising risk. Day to day management of surplus funds is delegated to the executive team within strict guidelines approved by the Corporation.

### **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.

### **Learner Support Funds**

The College acts as an agent in the collection and disbursement of Discretionary Learner Support Funds. Discretionary Learner Support Funds received by the College for subsequent payment to students are excluded from the Income and Expenditure Account and are shown separately in Note 28, except for the 5% of grant received which is available to the College to offset administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Educational Maintenance Allowance is treated separately with related payments passing directly between the government's sub-contractor and individual beneficiaries.

**1. Accounting policies continued****Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**Judgements and key sources of estimation and uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements;

**Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Any valuation of Land & Buildings was performed by an appropriately qualified and experienced surveyor and reliance has been placed on their professional judgement to establish fair value.

**Pension and other post-employment benefits**

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management is guided by its actuaries. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

**Financial instruments**

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

**2. Funding body grants**

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Recurrent grants</b>				
Education and Skills Funding Agency - adult	5,486	5,486	6,583	6,583
Education and Skills Funding Agency - 16 to 18	17,780	17,780	17,730	17,730
Education and Skills Funding Agency – apprenticeships (funded)	6,647	6,574	5,709	5,709
Office for Students	2,836	2,836	2,121	2,121
<b>Specific Grants</b>				
Releases of government capital grants	861	861	950	950
<b>Total</b>	<b>33,610</b>	<b>33,537</b>	<b>33,093</b>	<b>33,093</b>

WESTON COLLEGE GROUP

3. Tuition fees and educational contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	861	861	762	762
Fees for FE loan supported courses	874	874	1,187	1,052
Fees for HE loan supported courses	3,249	3,249	2,985	2,985
<b>Total tuition fees</b>	<b>4,984</b>	<b>4,984</b>	<b>4,934</b>	<b>4,799</b>
Education contracts	3,974	3,974	3,795	3,795
<b>Total</b>	<b>8,958</b>	<b>8,958</b>	<b>8,729</b>	<b>8,594</b>

4. Other grants and contracts

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	4,552	3,451	2,314	2,312
<b>Total</b>	<b>4,552</b>	<b>3,451</b>	<b>2,314</b>	<b>2,312</b>

5. Other income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	647	101	846	122
Other income generating activities	15,352	492	13,198	367
Exam fee Income	37	21	30	26
Miscellaneous income	1,104	1,910	1,803	3,504
<b>Total</b>	<b>17,140</b>	<b>2,524</b>	<b>15,877</b>	<b>4,019</b>

6. Investment income

	Year ended 31 July 2020		Year ended 31 July 2019	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	18	18	65	64
<b>Total</b>	<b>18</b>	<b>18</b>	<b>65</b>	<b>64</b>

**7. Donations and endowments**

	Year ended 31 July	
	2020	2019
	College	College
	£'000	£'000
Gift Aid from subsidiary companies		
Forward Futures Limited	334	227
Offender Learning Services Limited	410	-
Somax	38	77
<b>Total</b>	<b>782</b>	<b>304</b>

**8. Staff costs**

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	627	362	659	378
Non-teaching staff	385	283	431	303
	<b>1012</b>	<b>645</b>	<b>1,090</b>	<b>681</b>

**Staff costs for the above persons**

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Wages and salaries	32,036	20,311	30,372	20,711
Social security costs	2,855	1,834	2,792	1,987
Other pension costs	6,724	4,764	4,870	3,838
<b>Payroll sub total</b>	<b>41,615</b>	<b>26,909</b>	<b>38,034</b>	<b>26,536</b>
Contracted out staffing services	407	2,200	746	3,140
	<b>42,022</b>	<b>29,109</b>	<b>38,780</b>	<b>29,676</b>
Restructuring costs – contractual	420	187	189	139
	<b>42,442</b>	<b>29,296</b>	<b>38,969</b>	<b>29,815</b>

All severance payments were approved by the Corporation in line with the Termination and Redundancy Policy.

**Key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Management Team. The members of this team are shown on page 1. Staff costs include compensation paid to key management personnel for loss of office.

	2020	2019
	No.	No.
The number of key management personnel including the Accounting Officer was:	15	14

**8. Staff costs continued**

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	<b>Senior post-holders</b>		<b>Other staff</b>	
	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£60,001 to £65,000	-	-	3	4
£65,001 to £70,000	-	-	4	3
£70,001 to £75,000	-	-	1	-
£75,001 to £80,000	-	-	1	-
£90,001 to £95,000	-	-	-	-
£95,001 to £100,000	-	-	-	1
£105,001 to £110,000	-	-	5	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	-	1
£120,001 to £125,000	-	-	-	3
£125,001 to £130,000	-	-	-	1
£240,001 to £245,000	1	-	-	-
£270,001 to £275,000	-	1	-	-
	<b>1</b>	<b>1</b>	<b>14</b>	<b>13</b>

**Key management personnel emoluments are made up as follows:**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Salaries	1,297	1,315
Benefits in kind	99	82
	<b>1,396</b>	<b>1,397</b>
Pension contributions	266	203
<b>Total emoluments</b>	<b>1,662</b>	<b>1,600</b>

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

The members of the Corporation other than staff members did not receive payment from the College other than reimbursement of travel and subsistence expenses, childcare and loss of earnings incurred in the course of their duties. There were no payments made to senior post-holders in respect of overseas travel. Other staff undertook limited overseas travel to accompany educational visits.

**Compensation for loss of office paid to former key management personnel:**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Compensation paid to former post-holder - redundancy	55	11
- payment in lieu of notice	25	26
<b>Total</b>	<b>80</b>	<b>37</b>

All redundancy payments were approved by the College's Remuneration Committee.



**8. Staff costs continued**

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Salaries	222	249
Benefits in kind	23	22
	<hr/>	<hr/>
	245	271
Pension contributions	67	46
	<hr/>	<hr/>
	<b>312</b>	<b>317</b>
Basic Salary as a multiple of median basic salary of staff	8.80:1	8.88:1
Total Remuneration as a multiple of median total remuneration	9.32:1	9.36:1

The pension contributions in respect of the Principal and other members of the leadership board are in respect of employer contributions to the Teachers Pension Scheme or the Local Government Pension Scheme. Employer contributions reflect current arrangements with both schemes. All processes for remuneration are set out within a very detailed scheme monitored rigorously by the Remuneration Committee of the Governing Body. This reflects achievements of key standards relating to financial, quality and building investment strategies.

Within this context the Principal and Chief Executive has worked extensively with his team during the academic year with growth and entrepreneurial initiatives featuring throughout. The outcomes for the College have been significant and despite the challenges of COVID and poor sector funding, a large surplus has been delivered prior to pensions.

Within the above, notable successes have included the Principal winning the United Kingdom Business Leader of the Year award alongside leading on a range of national conferences around SEND and Leadership. This has been complemented by regular features in the press whereas a National Leader in Further Education he has brought clarity to many issues as well as leading national developments in Maths and English.

The College under the direction of the Principal has also led on the development of the West of England Institute of Technology which has been successfully brought to fruition and involves a number of FE Colleges and a HE partner in UWE Bristol. He has been a key player in liaison with the DfE, ESFA and industry on the part of the College and took full control of all responses to COVID from March this year.

At a time when colleges are contracting significantly and many are subject to intervention and merger, the Principal has chosen to take a very different stance which has included a much greater focus on commercial processes but at the same time, a real attention to quality within the organisation. This is evidenced by the continued delivery of academic results which are in all cases, at or above national benchmarks. This commercial approach to FE has led to a number of regional assignments and awards. The Principal and his leadership team continue to represent the FE sector regionally and nationally. The effectiveness of both the uniqueness of approach and the delivery, which is generating a good surplus, and bucking the trend within the sector, together with the growth of the group and new business, is reflected by the decision of the College Remuneration Committee. At the end of the academic year the College was also awarded Investors in People Platinum thus cementing a highly successful year for the Weston College of Further and Higher Education.

Within this approach, and in addition to the information included in the salary bandings and table above, leadership board members did not receive bonuses for the 2019/20 period, reflecting the difficulties faced as a result of COVID (2019: £270k), and in the case of the Accounting Officer (2019: £7k) respectively. In addition to the above the Principal received the equivalent of £62k (2019: £59k) which was received by the College from an external company for consultancy. This was agreed by the governing body.

# WESTON COLLEGE GROUP

## 9. Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	9,906	8,516	9,312	7,275
Non-teaching costs	6,239	5,072	5,833	5,710
Premises costs	2,496	2,023	3,187	2,725
<b>Total</b>	<b>18,641</b>	<b>15,611</b>	<b>18,332</b>	<b>15,710</b>

	2020	2019
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	97	80
Internal audit**	78	65
Other services provided by the financial statements auditors	2	9
Other services provided by the internal auditors	-	8
Inventory recognised as an expense	215	149
Hire of assets under operating leases	98	130

\* includes £44,000 in respect of the College (2018/19 £45,500)

\*\* includes £78,000 in respect of the College (2018/19 £65,000)

## 10. Interest and other finance costs

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	528	475	453	453
	<b>528</b>	<b>475</b>	<b>453</b>	<b>453</b>
Pension finance costs (note 26)	372	344	293	263
On finance leases	8	8	-	-
<b>Total</b>	<b>909</b>	<b>827</b>	<b>746</b>	<b>716</b>

## 11. Taxation

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom corporation tax at 19.00% (2019: 19.00%) debtor/(creditor)	112	-	35	-

**12. Tangible fixed assets**

<b>Group</b>	<b>Land and Buildings</b>		<b>Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Total</b>
	<b>Freehold</b>	<b>Long Leasehold</b>			
<b>Cost or valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2019	81,766	-	3,628	38	85,432
Additions	1,698	-	640	1,423	3,761
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>83,464</b>	<b>-</b>	<b>4,268</b>	<b>1,461</b>	<b>89,193</b>
<b>Accumulated Depreciation</b>					
At 1 August 2019	15,656	-	1,238	-	16,894
Charge for the year	1,699	-	486	-	2,185
Eliminated in respect of disposals	-	-	-	-	-
<b>At 31 July 2020</b>	<b>17,355</b>	<b>-</b>	<b>1,724</b>	<b>-</b>	<b>19,079</b>
<b>Net book value at 31 July 2020</b>	<b>66,109</b>	<b>-</b>	<b>2,544</b>	<b>1,461</b>	<b>70,114</b>
Net book value at 31 July 2019	66,110	-	2,390	38	68,538

<b>College</b>	<b>Land and buildings</b>		<b>Equipment</b>	<b>Assets in the Course of Construction</b>	<b>Total</b>
	<b>Freehold</b>	<b>Long Leasehold</b>			
<b>Cost or valuation</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2019	81,766	-	3,557	38	85,361
Additions	1,698	-	626	1,423	3,747
Reclassification	-	-	-	-	-
<b>At 31 July 2020</b>	<b>83,464</b>	<b>-</b>	<b>4,183</b>	<b>1,461</b>	<b>89,108</b>
<b>Accumulated Depreciation</b>					
At 1 August 2019	15,656	-	1,216	-	16,872
Charge for the year	1,699	-	459	-	2,158
<b>At 31 July 2020</b>	<b>17,355</b>	<b>-</b>	<b>1,675</b>	<b>-</b>	<b>19,030</b>
<b>Net book value at 31 July 2020</b>	<b>66,109</b>	<b>-</b>	<b>2,508</b>	<b>1,461</b>	<b>70,078</b>
Net book value at 31 July 2019	66,110	-	2,341	38	68,489

**13. Intangible assets (Goodwill)**

	<b>Goodwill</b>
<b>Cost</b>	<b>£'000</b>
At 1 August 2019	54
Additions	61
<b>At 31 July 2020</b>	<b>115</b>
<b>Amortisation</b>	
At 1 August 2019	54
Charge for the period	31
<b>At 31 July 2020</b>	<b>85</b>
<b>Net book value at 31 July 2020</b>	<b>30</b>
Net book value at 31 July 2019	-

**14. Non-current Investments**

	<b>College</b>	<b>College</b>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Investments in subsidiary companies	1,962,001	1,901,004

The College owns 100 per cent of the issued ordinary shares of Forward Futures Limited, Offender Learning Services Limited, Inspirational Events and Investments Limited, Somax Limited and West of England Institute Limited. All five companies are incorporated in England and Wales.

The principal business activity of Forward Futures Limited is the provision of staff recruitment and related services. The principal activity of Offender Learning Services Limited is education, training, and related services. The principal business activity of Somax Ltd is providing logistics and vehicle training. The principal activity of Inspirational Events and Investments Ltd is hotel accommodation and events catering. The principal business activity of West of England Institute Ltd is the distribution of grants to educational providers that are recognised as partners of the Institute of Technology.

Weston College is the only member of Releasing New Potential a Community Interest Company limited by guarantee and incorporated in England and Wales on 12 March 2016. The principal activity of Releasing New Potential is to support the rehabilitation of offenders.

In addition, Weston College has the following wholly owned subsidiary companies, all of which are incorporated in England and Wales and were dormant at 31 July 2020:

- Career Action Ltd – a company limited by shares
- The End Point Assessment Company (SW) Ltd – a company limited by shares
- North Somerset UTC – a company limited by guarantee
- The Weston Opportunity – a community interest company
- Brighter Futures Recruitment – a company limited by shares (dissolved August 2019)

The directors believe that the carrying value of the investments is materially supported by the underlying net assets.

Weston College was the sponsor until 29<sup>th</sup> August 2018, and a founding member for a Multi Academy Trust, Inspirational Futures Trust Limited (IFT). Having reviewed the circumstances of the arrangements between the Group and IFT it had, without prejudice, continued to consolidate the financial performance of IFT into the 2018/19 financial statements, there was no sponsorship activity in 2019/20.

**15. Assets transferred on disposal**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Leasehold land & buildings at fair value	-	32,063
Fixtures, fittings and equipment	-	1,196
<b>Total fixed assets</b>	<b>-</b>	<b>33,259</b>
Cash at bank and in hand	-	775
Debtors & prepayments	-	653
Accruals & deferred income	-	(789)
<b>Net Current Assets</b>	<b>-</b>	<b>639</b>
Pension fund deficit	-	(4,088)
Deferred Capital Grants	-	(14,606)
<b>Net assets</b>	<b>-</b>	<b>15,204</b>

The leasehold land and buildings transferred to Inspirational Futures Trust were valued by an independent valuer using the Depreciated Replacement Cost (DRC) method to assess the Fair Value defined as; 'The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'. The DRC method was selected due to there being no active market for the asset being valued, with no useful or relevant market value evidence due to the specialist nature of the asset.

**16. Trade and other receivables**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:				
Trade receivables	1,836	849	1,709	1,303
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,344	-	1,567
Corporation tax	178	-	66	-
Prepayments and accrued income	2,451	654	3,565	2,363
Other debtors	666	574	250	217
<b>Total due within one year</b>	<b>5,131</b>	<b>4,421</b>	<b>5,590</b>	<b>5,450</b>
Amounts due after more than one year	-	-	-	-
Amounts owed by group undertakings:				
Subsidiary undertakings	-	-	-	-
<b>Total trade and other receivables</b>	<b>5,131</b>	<b>4,421</b>	<b>5,590</b>	<b>5,450</b>

**17. Current investments**

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Short term deposits	-	-	3,000	3,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date.

# WESTON COLLEGE GROUP

## 18. Creditors: amounts falling due within one year

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	1,710	1,710	1,518	1,518
Trade payables	665	591	737	623
Amounts owed to group undertakings:				
Subsidiary undertakings	-	1,340	-	235
Other taxation and social security	424	237	886	608
Hire purchase	171	171	-	-
Accruals and deferred income	2,889	1,169	1,292	809
Deferred income - government capital grants	847	847	849	849
<b>Total</b>	<b>6,706</b>	<b>6,065</b>	<b>5,282</b>	<b>4,642</b>

## 19. Creditors: amounts falling due after more than one year

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans	13,683	13,683	14,143	14,143
Hire purchase	514	514	-	-
Deferred income - government capital grants	36,637	36,637	35,958	35,958
<b>Total</b>	<b>50,834</b>	<b>50,834</b>	<b>50,101</b>	<b>50,101</b>

## 20. Maturity of debt

Bank loans and overdrafts repayable as follows:

	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
In one year or less	1,710	1,710	1,518	1,518
Between one and two years	1,710	1,710	1,643	1,643
Between two and five years	5,131	5,131	4,930	4,930
In five years or more	6,842	6,842	7,570	7,570
<b>Total</b>	<b>15,393</b>	<b>15,393</b>	<b>15,661</b>	<b>15,661</b>

The college has six loans, as follows;

- £6,000k with Barclays Bank, repayable over 22 years commencing 2 November 2009 with interest at 0.45% over Barclays base rate;
- £2,700k with Barclays Bank, repayable over 22 years commencing 8 November 2010 with interest at 0.45% over LIBOR;
- £2,000k with Lloyds Bank, repayable over 15 years commencing 30 June 2010 with interest at 1.75% over LIBOR;
- £6,000k with Lloyds Bank, repayable over 5 years commencing 23 November 2017 with interest based on 1.50% over LIBOR.
- £5,000k with Lloyds Bank, repayable over 10 years commencing May 2020 with interest based on 2.75% over LIBOR.
- £1,000k with NatWest repayable over 15 years commencing July 2020 with interest based on 1.95% over LIBOR.

The loans with Barclays Bank are secured on the University Campus, Loxton Road, Weston-Super-Mare, the £6m Lloyds loan is secured against the Knightstone Campus, Weston-Super-Mare, the £5m Lloyds loan is secured against the Winter Gardens, Weston-super-Mare and the £1m NatWest loan is secured against the South West Skills Campus, Weston-super-Mare.

**21. Net debt****Group**

	As at 1 August 2019 £000	Cash flows £000	Other changes £000	At 31 July 2020 £000
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	6,936	6,326	-	13,262
Current asset investments	3,000	(3,000)	-	-
	<b>9,936</b>	<b>3,326</b>	<b>-</b>	<b>13,262</b>
<b>Borrowings</b>				
Debt due within one year	(1,518)	(192)	-	(1,710)
Debt due after one year	(14,143)	460	-	(13,683)
	<b>(15,661)</b>	<b>268</b>	<b>-</b>	<b>(15,393)</b>
<b>Net debt</b>	<b>(5,725)</b>	<b>3,594</b>	<b>-</b>	<b>(2,131)</b>

**22. Provisions**

<b>Group</b>	<b>Defined benefit Obligations £'000</b>	<b>Enhanced pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2019	(18,413)	(803)	-	(19,216)
Expenditure in the period	(2,024)	167	-	(1,857)
Transferred from income and expenditure account	(9,867)	(102)	-	(9,969)
<b>At 31 July 2020</b>	<b>(30,304)</b>	<b>(738)</b>	<b>-</b>	<b>(31,042)</b>

<b>College</b>	<b>Defined benefit Obligations £'000</b>	<b>Enhanced pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2019	(16,329)	(803)	-	(17,132)
Expenditure in the period	(1,689)	167	-	(1,522)
Transferred from income and expenditure account	(8,535)	(102)	-	(8,637)
<b>At 31 July 2020</b>	<b>(26,553)</b>	<b>(738)</b>	<b>-</b>	<b>(27,291)</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26. The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2020</b>	<b>2019</b>
Interest rate	1.3%	2.0%
Inflation rate	2.2%	2.2%

**23. Analysis of Deferred Capital Grants**

		<b>Funding Body grants</b>	<b>Other Government Grants</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Group</b>				
At 1 August 2019		15,144	21,663	36,807
Cash received		-	1,534	1,534
Released to SOCI		(358)	(499)	(857)
<b>At 31 July 2020</b>		<b>14,786</b>	<b>22,698</b>	<b>37,484</b>
Current - due within one year	17	342	505	847
Due after more than one year	18	14,444	22,193	36,637
<b>As above</b>		<b>14,786</b>	<b>22,698</b>	<b>37,484</b>

		<b>Funding Body grants</b>	<b>Other Governme nt Grants</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>College</b>				
At 1 August 2019		15,144	21,663	36,807
Cash received		-	1,534	1,534
Released to SOCI		(358)	(499)	(857)
<b>At 31 July 2020</b>		<b>14,786</b>	<b>22,698</b>	<b>37,484</b>
Current - due within one year	17	342	505	847
Due after more than one year	18	14,444	22,193	36,637
<b>As above</b>		<b>14,786</b>	<b>22,698</b>	<b>37,484</b>

**24. Cash and cash equivalents**

	<b>At 1 August 2019 £'000</b>	<b>Cash flows £'000</b>	<b>At 31 July 2020 £'000</b>
Cash and cash equivalents	6,090	7,172	13,262
Short term investments	846	(846)	-
<b>Total</b>	<b>6,936</b>	<b>6,326</b>	<b>13,262</b>

**25. Capital and other commitments**

	<b>Group and College</b>	
	<b>2020 £'000</b>	<b>2019 £'000</b>
Commitments contracted for at 31 July	1,426	2,400
Authorised but not contracted at 31 July	-	-

As at 31 July 2020, the College Group had capital commitments relating to the authorised and contracted delivery of the Institute of Technology which will be completed in the spring of 2021.



**26. Financial commitments**

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

	<b>Group and College</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Future minimum lease payments due</b>		
<b>Assets other than land &amp; buildings</b>		
Not later than one year	18	17
Later than one year and not later than five years	46	10
	<u><b>64</b></u>	<u><b>27</b></u>

**27. Post balance sheet events**

There were no post balance sheet events which would impact upon the financial accounts for 2019/20 reflecting a true and fair view of the Group's activity within the year.

**28. Pension and similar obligations**

The Group's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes. In addition, Forward Futures associates are invited to enrol in NEST, a workgroup pension scheme set up by the government especially for auto enrolment.

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total pension cost for the year</b>		
<b>Teachers' Pension Scheme:</b>		
Contributions paid	3,469	2,353
<b>Local Government Pension Scheme:</b>		
Contributions paid	1,526	1,249
Actuarial charge	1,627	1,229
Charge to the Statement of Comprehensive Income	<u>6,622</u>	<u>4,831</u>
<b>Enhanced Pension:</b>		
Charge to Statement of Comprehensive Income	102	39
<b>Total Pension Cost for Year within staff costs</b>	<u><b>6,724</b></u>	<u><b>4,870</b></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the schemes were as at 31 March 2016 for the TPS and 31 March 2019 for the LGPS. There were outstanding contributions due to the LGPS of £145k (2019:£ 177k) included in creditors at the end of the year. There were no contributions outstanding to the TPS at either the beginning or the end of the year.

**Teachers' Pension Scheme**

The Teachers' Pension 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 on as a defined benefit plan, so it is accounted for as a defined contribution plan.

**28. Pension and similar obligations continued****Valuation of the Teachers' Pension Scheme**

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

The pension costs paid to TPS in the year amounted to £3,469k (2019: £2,353k).

**Accounting for the scheme**

Under the definitions set out in FRS 102 (para 28.11), the TPS is a multi-employer pension scheme. The Group is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the Group has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group has set out above the information available on the scheme and the implications for the Group in terms of the anticipated contribution rates.

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Bath and North East Somerset Local Authority. The total contribution made for the year ended 31 July 2020 was £2,075k (2019: £1,795k), of which employer's contributions totalled £1,526k (2019: £1,249k) and employees' contributions totalled £549k (2019: £546k). The agreed contribution rates for future years are as follows:

- Employer's contributions are 14.3% for WC and 17% for OLS and
- Employees' contributions range from 5.5% to 12.5% for, depending on salary.

**28. Pension and similar obligations continued****Principal Actuarial Assumptions**

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
Rate of increase in salaries	3.8%	3.7%
Rate of increase for pensions in payment	2.4%	2.3%
Discount rate for scheme liabilities	1.6%	2.2%
Inflation assumption (CPI)	2.3%	2.2%

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

	<b>At 31 July 2020</b>	<b>At 31 July 2019</b>
<u>Retiring today</u>		
Males	23.2	23.7
Females	23.7	26.2
<u>Retiring in 20 years</u>		
Males	24.7	26.3
Females	26.3	29.0

**The Group's share of the assets of the plan at the balance sheet date was:**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equities	14,199	13,997
Government Bonds	2,313	-
Other bonds	867	3,260
Property	2,827	1,645
Cash / liquidity	964	359
Other	10,955	10,648
<b>Total fair value of plan assets</b>	<b>32,125</b>	<b>29,909</b>
 <b>Expected rate of return</b>	 <b>4.10%</b>	 <b>7.00%</b>
 <b>Actual return on plan assets</b>	 <b>(1,314)</b>	 <b>1,927</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of plan assets	32,125	29,909
Present value of plan liabilities	(62,402)	(48,297)
Present value of unfunded liabilities	(27)	(25)
<b>Net pensions liability (Note 20)</b>	<b>(30,304)</b>	<b>(18,413)</b>

**28. Pension and similar obligations continued**

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

	2020 £'000	2019 £'000
<b>Amounts included in staff costs</b>		
Current service cost	3,153	2,478
<b>Amounts included in investment income/expenditure</b>		
Net interest expenditure	397	275
<b>Amount recognised in Other Comprehensive Income</b>		
Return on pension plan assets	497	(1,128)
Past service cost	61	338
Experience (gains) losses arising on defined benefit obligations	8,938	7,611
	<b>13,046</b>	<b>9,574</b>

The cumulative amount of actuarial losses recognised in the statement of gains & losses for accounting periods after 22 June 2002 is £18,220k (£9,282k at 31 July 2019). The best estimate of contributions to be paid to the scheme during the accounting period beginning after the balance sheet date is £1,524k.

**Movement in net defined benefit liability during year:**

	2020 £'000	2019 £'000
<b>Net defined benefit liability in scheme at opening of the year</b>	(18,413)	(14,176)
<b>Movement in year:</b>		
Current service costs	(3,153)	(2,478)
Employer contributions	1,526	1,249
Transfer on disposal of subsidiary	-	4,088
Net interest on the defined liability	(397)	(275)
Actuarial loss	(9,867)	(6,821)
<b>Net defined benefit liability at ending of the year</b>	<b>(30,304)</b>	<b>(18,413)</b>

**Asset and Liability Reconciliation****Changes in the present value of defined benefit obligations**

	2020 £'000	2019 £'000
<b>Defined benefit obligations at start of period</b>	48,322	44,098
Transfer on disposal of subsidiary	-	(6,997)
Current service costs	3,101	2,435
Interest cost	1,084	1,073
Contributions by Scheme participants	549	546
Past service cost (gain)	61	338
Remeasurement of liabilities	8,938	7,611
Estimated benefits paid	(540)	(782)
Business combinations	914	-
<b>Defined benefit obligations at end of period</b>	<b>62,429</b>	<b>48,322</b>

**28. Pension and similar obligations continued****Changes in fair value of plan assets**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Fair value of plan assets at start of period</b>	29,909	29,922
Transfer on disposal of subsidiary	-	(2,909)
Interest on plan assets	687	798
Administrative expenses	(52)	(43)
Business combinations	543	-
Return on plan assets	(497)	1,128
Employer contributions	1,526	1,249
Contributions by Scheme participants	549	546
Estimated benefits paid	(540)	(782)
<b>Fair value of plan assets at end of period</b>	<b>32,125</b>	<b>29,909</b>

**Deficit contributions**

The Group has entered into an agreement with the LGPS to make additional contributions of £394,678 in 2019/20, reducing to £241,500 in 2020/21 (reflecting the extension of the deficit back to 8 years), in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

**Early Retirement**

The Group is responsible for all pension payments, together with related increases, in respect of added years it has awarded to staff that have left the pension schemes since April 1993 through early retirement. During the year of the accounts these payments amounted to £63k (2018/19 £57k). The Group holds a provision for this enhanced pension entitlement. At the year end the provision was recalculated on the basis of guidance from the ESFA. The result was that £102k (2018/19 £39k) was debited to the accounts to bring the provision into line with the requirements of FRS 102.

**McCloud Judgement**

In December 2018 the Court of Appeal ruled against the Government in the two linked cases of Sargeant and McCloud (which for the purposes of the LGPS has generally been shortened to "McCloud"), relating to the Firefighter unfunded pension schemes and the Judicial pension arrangements. In essence, the Court held that the transitional protections, which were afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination. Remedial action in the form of increases in benefits for some members of the Firefighter and Judicial arrangements will almost certainly be required. There may well also be knock-on effects for the other public service schemes, and the LGPS might therefore also be required to take some action.

Whilst the actuary is happy not to make specific allowance in the accounting figures for the effect of the judgment (on the grounds that the effects are within the margins of approximation inherent in the existing calculation methodology), general emerging practice from audit firms required that adequate adjustments were made. In 2018/19, the accounts included an estimate of £229k, representing the effect of the judgment within the Past Service Cost.

**29. Related party transactions**

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

**Dave Trounce is Senior Vice Principal of the College and recently a Governor of Worle School**, from whom the College received £24k in the year (2019 – 10k). The balance owing to the College at the end of the year was Nil (2019 - Nil) in relation to supporting schools with extra-curricular activities.

**Jo Midgley a Governor of the College, is Director of student and partnership services at University of the West of England** from whom the College received £686k in the year (2018 £801k) for the provision of Higher Education. The balance owing to the College at the end of the year was £Nil (2019 – £122k).

**Fiona Waters is College Registrar and a trustee of Priory Community School Academy**, from whom the College received £3k in the year (2019 – £2k). The balance owing to the College at the end of the year was £1k (2019 – Nil) in relation to supporting schools with extra-curricular activities.

**Mark Barnett is a Head of Faculty and a Director of Badgworth Arena, who supply educational facilities and training to the College.** Amounts paid to Badgworth Arena in 2019/20 totalled £10k (2018/19 - £201k). The balance owing to Badgworth Arena at the year end was Nil (2019 – Nil).

**Mark Canniford, a Governor of the College and proprietor of Grove Park News.** Amounts paid to Grove Park News in 2020 totalled Nil (2019 - £7k) for newspapers within student libraries across the various campuses. The balance owing to Grove Park News at the end of the year was Nil (2019 – Nil).

**Funding bodies and HEFCE.** Transactions with the funding bodies and HEFCE are detailed in notes 2 and 3.

A number of family members of senior management are employed within the College Group in accordance with the Group's employment policies and in line with the Group's standard pay and reward system. In recognising the importance of disclosure of related party transactions, the College's Audit Committee will continually review regular staff disclosures, to ensure any potential conflict or control risk is managed proactively and effectively. A review of all such disclosures has been reviewed by the chair of the Corporation and Chair of Audit Committee as part of this statutory accounts process.

**30. Amounts dispersed as agent**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 August	17	31
Funding body grants	257	367
	<b>275</b>	<b>398</b>
Disbursed as learner support	(254)	(381)
Administration cost	-	-
<b>Balance at 31 July</b>	<b>19</b>	<b>17</b>

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

The College elected not to charge an administration fee in 2019/20 (2018/19: Nil)

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

**Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 21 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Weston College Group during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the "ACoP") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

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

**Responsibilities of Corporation of Weston College Group for regularity**

The Corporation of Weston College Group is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The corporation of Weston College Group is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

**Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the ACoP.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

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

**Use of our report**

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

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Date 11.12.20