



WESTON COLLEGE GROUP

Annual Report and Financial Statements

For the year ended 31 July 2021

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 2020/21: -

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

Peter Sloman, Deputy Principal and Chief Operating Officer (Resigned 25 November 2021)

Andrea Greer, Group Director and Deputy Principal - Prison Education, Human Resources and Reputation

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

Jo Watson, Group Director and Deputy Principal - Business Engagement and Growth

Leah Palmer, Group Director and Deputy Principal – Adult Education

Joe Phillips, Group Director and Vice Principal – Finance & Planning

Darran George, Vice Principal – Audit, Compliance and Development

Joanne Philpott, Vice Principal – Curriculum Delivery & Technical Innovation

Jacqui Ford, Group Director and Deputy Principal - Partnerships (Retired 25 September 2020)

Board of Governors

A full list of governors is given on page 22 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 2020/21: -

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, 2nd 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

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MEMBERS REPORT FOR THE YEAR ENDED 31 JULY 2021

1.0 NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited consolidated financial statements for the year ended 31 July 2021.

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 22 and 23.

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

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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 several 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-19 for both 2019/20 & 2020/21. Overall attendance continues to exceed the college performance threshold of 90% averaging at 91.4% for this year (90.2% 2019/20). Overall retention for class-based provision remains high at 93%. The College has set a target within its strategic plan of achieving 95% retention by 2021. The current 2020/21 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% because of COVID restrictions. At the end of 2020-21, over 70% of learners in scope for an industry placement had commenced or completed their full 315-hour placement. This was significantly above the sector average. 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 July 2021.

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, increased pension costs 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:

	2021	2020
		Restated
	£000	£000
Group Surplus	3,509	2,093
Pension Current Service Cost adjustment to actual employer contributions and administration expenses	(1,958)	(1,627)
Pension finance costs (note 26)	(472)	(397)
Surplus before tax, as per statutory accounts	1,079	69

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 2022/23. 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 109 days (2020: 108 days) with a current ratio of 2.6:1 (2020: 2.8:1) and accumulated

- reserves of 2.9% (2020: 0.35%) 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 several 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 2020/21, the College achieved funding targets for mainstream 16-18 and Adult Education Budgets of 97.1% and 91.8% respectively. Limitations remained throughout the 2020/21 academic year due to Covid-19 implications.

With regards to Higher Education provision, UCW continues to hold Gold status for the Teaching Excellence and Student Outcomes Framework (TEF) placing it in the highest category for HE provisions in the country.

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 £1,160k (£181k 2019/20 -as restated), which represents 21.7% (0.3% 2019/20 – as restated) 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 £4.4m in 2020/21, 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 48% of turnover was received from public sources using a funding methodology based upon volumes of activity (2019/20: 52%). 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 2020/21, 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 £33,122k for further education activities (£33,610k 2019/20).

Income from Advanced Learner Loans totalled £590k (£702k in 2019/20) and are accounted for on receipt.

Recurrent payroll decreased by £1,284k (3.1%), reflecting the need to reduce variable staff employed through Forward Futures Ltd and the continued pressure placed upon the College to minimise expenditure within OLS Ltd.

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 surplus of £416k in the year (2020: £197k (Deficit)). Forward Futures acts

as a recruitment agency supplying the college with agency teaching and support staff and the company made a surplus of £85k in the year (2020: £335k). Releasing New Potential is a Community Interest Company aimed at providing offenders and learners with meaningful work experience, and it made a surplus of £1k in the year (2020: £101k (Deficit)). Inspirational Events and Investments Ltd has continued to face 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 2021, it made a pre-tax deficit of £445k (2020: £547k). Somax Ltd, who provide logistics training, has also faced further disruption this year due to Covid-19 restrictions. Despite many challenges, for the period to 31 July 2021 it delivered a pre-tax surplus of £88 (2020: £27k). Finally, 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 2021 the company delivered a pre-tax surplus of £244 (2020: £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 £6,960k (2019/20 inflow of £5,659k). 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 of 31 July 2021. With regards to Barclays Bank plc, a covenant waiver was in place whilst the conditions of borrowing were reset. Figures presented indicate a comfortable margin 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 £2,836k (2019/20: (£612k)).

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 £5,604k to £18,866k. 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:

	2020/21	2019/20
ESFA funded 16-18 learners	3,200	2,915
ESFA funded adult learners	3,302	3,279
Apprenticeships	1,847	2,251

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 99% pass rate.
- Sports student Bailey selected for the England Colleges football team.
- Beauty, Motor Vehicle and two Computing students (Amelia, Luke, Oran and Jack) make it to national WorldSkills finals
- Health and Social Care learner Ellie wins prestigious Health and Social Care accolade at 2021 BTEC Awards
- Academy players Lottie and Katie join England U18s TGD Rugby Squad
- Apprentices Darren and Jake, announced as winners at E. ON awards ceremony, winning Apprentice Ambassador of the Year, and ACE Apprentice of the Year, respectively.
- Commis Chef Apprentice, Daniel, wins Outstanding Apprentice of the Year in Hospitality, Travel and Customer Service at Bristol and Bath Live Awards
- University Centre Weston (UCW) graduate Anna was a finalist for the Return to Learning Award at national Festival of Learning 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 a second year of interruptions due to Covid-19.

Achievement rates can be summarised as follows:

	18/19	19/20	20/21	National
Headline Timely	90.7	88.1	88.3	87.4
16-18 Timely	85.5	87.0	87.5	86.2
19+ Timely	94.8	89.1	89.9	88.5

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

Subject	18/19	19/20	20/21
English	0.09	n/a	n/a
Maths	-0.09	n/a	n/a

Whilst timely achievement continues to be strong, overall Apprenticeship outcomes have declined when compared against those achieved in previous years. This is mainly due to the impact of the pandemic on sectors which affected their ability to achieve timely and, in some cases, overall.

The outcomes for the 2020/21 academic year can be seen below:

Area	Timely Ach	Nat. Avg.
College	88%	89%
Direct delivery	88%	89%
Subcontracted	94%	95%

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

Curriculum Development

Several 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 2020/21. 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 with allocations from WECA being determined by learner postcodes. The College continues to exercise an effective adult strategy in 2020/21 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 95% of its adult budget in 2020/21. 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.

The reforms for apprenticeship funding band adjustments continue to be felt financially. The Institute for Apprenticeships and Technical Education (IFATE) and Education and Skills Funding Agency (ESFA) applied funding band adjustments for apprenticeship standards which has resulted in a decrease in funding per apprentice. In relation to the standards that form 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's revisions to funding methodologies in relation to prior learning/achievement and the assurance that this is accounted for when agreeing a price with employers for apprenticeship delivery continues to be a predominant focus of funding audits. This in-turn has further impact on the funding per apprentice and the dependency on effective control systems. Several management controls remain in place to ensure the College meets the funding rules prescribed.

Despite the lasting impact of the apprenticeship funding reform the College has continued to meet its apprenticeship funding target due to the realisation of our growth strategy. The College has seen a £300k increase in apprenticeships for 2020/21 compared to the previous year. This is a considerable achievement compared to other Colleges and Training Providers in the sector where Covid has resulted in a decline in apprenticeship income for a significant majority of providers. 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 £139k this year, which amounts to just over 2% of apprenticeship funding. Subcontracting in the future will still be part of Weston College's strategy due to our strong employer partnerships with employers such as; Simian Risk, Wessex Water, and with the University of the West of England for our Degree Apprenticeship programmes.

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Levy employers now account for 80% of apprenticeship income with non-levy employers being 20%. This is an increase of 4% in favour of levy employers from last year and can, in part, be attributed to the mandatory requirement for small employers to use the digital account and for the cap on apprentices small employers can be funded for.

Higher Education

2020-21 has been a very successful year for University Centre Weston (UCW), the higher education (HE) section of the Weston College Group:

- National Student Survey results remain well above the national average in all areas, with four areas in the top quartile relating to assessment and feedback, academic support, learning community and student voice.
- Retention was 96.2% which is above the previous year and evidences the high quality of teaching and support offered by UCW despite Covid.
- New provision continues to be approved with four new full BA (Hons) Programmes starting in September 2021. New programmes have also been accredited by professional bodies including the Trainee Nursing Associate (TNA) Apprenticeship programme being approved by Nursing and Midwifery Council (NMC) and the Environmental Health Practitioner Degree Apprenticeship and BSc (Hons) Public and Environmental Health degree accredited by the Chartered Institute of Environmental Health (CIEH).

Students have achieved excellent results with 40% obtaining First Class Honours at first sit. There are some outstanding individual performances including a BSc (Hons) Applied Computing student obtaining a place in the final of the World Skills Competition and a BA (Hons) Hair, Make-up and Prosthetics for Production student being a finalist in the Return to Learning Award at the Festival of Learning Awards. In addition, a BA (Hons) Lens Based Media student obtained a place on an MA at Royal Holloway University and was invited to live in Her Majesty's Postgraduate Community of Excellence.

In accordance with the OfS accounts direction, the below table represents the details of grant and fee income received by the Group:

	2021	2020
	£'000	£'000
Grant income from the OfS	2,500	2,836
Grant income from other bodies	42,080	35,326
Fee income for taught awards (exclusive of VAT)	3,247	3,249
Fee income for research awards (exclusive of VAT)	-	-
Fee income from non-qualifying courses (exclusive of VAT)	1,334	1,735
Total grant and fee income	49,161	43,146

3.4 Accommodation and Capital Development

Through strong academic results, effective financial management and a dedicated bids team, multiple capital grant allocations were awarded within the 2020/21 year. Projects include:

- Refurbishment of Early Year facilities and the creation of a commercial Nursery within the entrance of Knightstone Campus. The development will house the new associated T-Level programmes and demonstrates the practical demands of the new qualifications
- The college continues to actively deliver all local development 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.
- Following several issues raised in relation to the concrete construction of Weston College's Knightstone campus condition funds were secured to remedy all matters arising. The works were successfully completed at the end of August (2021).

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 2021.

3.5 Events after the end of the reporting period

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

3.6 Prospects

In July 2021 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.

	21/22
Surplus/(deficit) before interest, tax, depreciation, and amortisation costs	4,045
<u>Interest, tax, depreciation and amortisation costs</u>	
Depreciation and amortisation	2,312
Interest and other finance costs	1,260
Surplus/(deficit) after interest, tax, depreciation, and amortisation costs	473

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 four capital projects that have been recently completed. The Construction Groundworks Centre and the Health and Active Living Centre were completed in 2018/19, The Animal Management Education Centre that was completed in 2019/20 and the Early Years Nursery learning environment completed in this 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 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, 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 contract to date 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 continues to generate 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 principle 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 for the past two years and has led to some difficult decisions having to be made. Whilst the hotel has now re-opened, the disruption of COVID 19 has had a dramatic effect on the company's income levels given the Hotel has been closed for much of its high season in 2019/20 and a further 7 months in 2020/21.

With regards to the Winter Gardens, the inability to reopen for major events and the numbers of people they attract means that we remained closed from January 2020 to June 2021. 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. Following agreement from the Governing Body, the external consultants have remained in place to support with the reopening of facilities, and it is likely that this will continue for the 2021/22 financial year to provide support to senior management.

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. 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 was already paying dividends in terms of up-to-date industry training and meeting the demands of many employers. The disruption of COVID over the last two years has led to several restrictions impeding business operations. Initially restrictions concerned social distancing and the problems associated with training within or on machinery and vehicles however, the impact of the pandemic with regards to DVSA testing back logs has had a profound impact on delivery this year. As a result, business plans have been adapted for the financial year 2021/22 to recognise the problems of testing and prioritise income streams that are not dependent on external verification.

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.

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 936 full-time equivalents (2019/20 1,012) of whom 601 (2019/20 627) 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	£29,474,000
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 £1,995k (2019/20 £229k) of net assets (after allowing for £32,202k (2019/20 £31,042k) pension liability) and long-term debt of £52,637k (2019/20 £50,834k) on a turnover of £69,371k (2019/20 £64,278k). 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

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being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system; applied across the Group. The relative risk scores have driven the agenda of the Risk Management Group with deep dive exercises having been completed on those relative high scoring risks.

COVID 19 and its implications have been identified both as its own risk, but the register also identifies its impact on existing risks.

Outlined over the page 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	If there are insufficient cost savings and/or fee income growth to balance the relative loss in funding, then cashflow will be adversely impacted, resulting in financial difficulty, use of reserves, restructure and loss of market share.	<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.</p> <p>Use of recommended benchmarking tools/ indicators to manage staff/turnover and other KPIs e.g., borrowing in line with expectations of FE Commissioner.</p> <p>Breadth of reporting to Finance Committee</p>
Ensuring quality of provision is very high considering a new Ofsted framework	If the college does not achieve good or outstanding at the next inspection, then reputation will decline, resulting in a reduced ability to win contracts or expand into new provision.	<p>Robust quality cycle provides support, challenge, and intervention, including:</p> <ul style="list-style-type: none"> • Observations of staff • Quality and performance reviews • Performance management of staff <p>CPD / Training Schedule - Support and training for managers to increase awareness, ownership, and accountability for quality.</p>
Partnership development and Adult market share	If through the revised funding allocation methodology, the college's adult Education funding (currently £5.170m) is reduced, (particularly if the	Growth Strategy - 3 additional bids for funding have been gained along with a contract with national Careers Service which brings

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	<p>methodology saw a greater percentage going to WECA at a time when North Somerset is non- devolved), then the College would lose Adult market share, resulting in reduced income, financial difficulty and the need for organisational restructure.</p>	<p>in further income.</p> <p>Curriculum Planning Cycle - Early planning for 2022/23 will begin in the Autumn of 2021.</p> <p>Realisation of the Adult Education Innovation Group has brought greater focus to this key area of College business.</p> <p>Corporation level scrutiny and monitoring.</p>
Competition and Sixth Form market share	<p>If we fail to counter competition from other providers, who are aiming to establish a new 6th form in WsM/ specialist provision in north Somerset, with the support of either or both of NSC and DfE, then the College could lose market share, resulting in significant loss of income, potential loss of provision (6th Form) and financial instability</p>	<p>Differentiated offer from other schools, with distinct STEM/employability/ college experience (Marketing and Promotion Strategy and agile recruitment monitoring process).</p> <p>Representation at key events focussing on post 16 education (Marketing and Promotion Strategy).</p> <p>Continued communication and liaison with the Regional Schools Commissioner (Sector Intelligence gathering to inform decision making).</p> <p>Insight into local strategy via the Strategic Schools Forum (Sector Intelligence gathering to inform decision making). Differentiated offer from other schools, with distinct STEM/employability/ college experience.</p>
Consequences of policy and white papers.	<p>If the Augar review of post-18 education is adopted in full, then the recommendation from the review may impact upon</p>	<p>Diversification of HE curriculum (Honours, Foundation Degree, Degree Apprenticeships, HNC/D, L4 and 5 Professional Quals).</p>

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	<p>funding levels in both HE and FE sectors, resulting in changes to funding between the two sectors, increased competition and subsequent loss of income</p>	<p>Long-term strategic partnership with our 3 partner HEIs (UWE/Bath Spa/Hartpury).</p>
<p>Impact of Local Government Pension Scheme (LGPS) and Teachers Pension Scheme (TPS) on budget</p>	<p>If the College has to increase employer contributions relating to both Local Government Pension Scheme (LGPS) and Teachers Pension Scheme (TPS), then there will be a material adverse impact on budget, resulting in less funds available and a negative impact on the quality of provision.</p>	<p>Protocols in place to ensure 3-year budget plan takes account of likely increases to allow early actions to be taken to cover costs.</p> <p>Lobbying via AoC to allow additional costs to be covered by an increase in funding.</p> <p>Cost planning with Actuary to determine how best to manage.</p> <p>Investigation into alternative schemes if Pensions costs become prohibitive to long term financial sustainability of the College.</p> <p>Manage staffing at an appropriate level through Forward Futures.</p>
<p>Contract delivery.</p>	<p>If the College is unable to deliver on new contracts both in terms of quality and financial parameters then significant reputational damage would ensue, resulting in loss of stakeholder confidence, and resultant loss in market share and income.</p>	<p>New/revised contracts – E.g., new PEF 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.</p> <p>Business Planning Tool used to project resource costs and contribution rates and provide strong business metrics in decision making for new partnership ventures.</p>
<p>Effectiveness of leadership.</p>	<p>If consistent and high-quality leadership is not maintained, then the College will fail to meet its strategic objectives,</p>	<p>Robust and comprehensive appraisal system.</p>

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	<p>resulting in damage to quality and reputation and subsequent loss of stakeholder confidence and income.</p>	<p>Mentoring Programme.</p> <p>Performance Review Programme.</p> <p>Independent Peer and Quality review initiatives.</p>
Management of non-FE work.	<p>If we fail to robustly monitor and manage non-FE work, then our wider portfolio of business activity will not provide adequate contribution to overheads, resulting in an inefficient business and increased risk to financial instability.</p>	<p>CLB and Gov. scrutiny and challenge. Clear Corporate oversight.</p> <p>Business/curriculum planning process - established and signed off by leadership board.</p> <p>Budget and progress reviews monitor progress closely.</p> <p>Project progress reviewed monthly at leadership board.</p>
Project management and capital ventures.	<p>If the College fails to achieve any of the following (risk context) then reputational damage would ensue, resulting in loss of stakeholder confidence, resultant growth opportunity, and future income.</p> <p>Risk Context:</p> <p>The College is currently undertaking a significant number of high-profile Capital and Revenue projects.</p> <p>There are a number of risks relating to a, successful delivery, in terms of timing, quality and financial.</p> <p>Following implementation, the projects come with target numbers eg increase in learners. In many cases there is a danger of funding clawback if these targets are not materially met.</p> <p>In addition, for the IoT, the College as Accountable body will be responsible for the overall project which</p>	<p>The Capital Projects Working Group meets every three weeks to consider both delivery of projects as well as financial analysis. At the latest Meeting (May 2021) no variances were identified with relation to the T Level nursery project.</p> <p>The IoT project has now reached second 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>

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	includes learner numbers to be delivered by other Colleges within the partnership.	
Maintenance of workplace culture.	<p>If the Weston College ethos (see risk context) is not maintained then the high quality and standards of the organisation will be diluted, resulting in reputational damage, loss of stakeholder confidence, and loss of market share and income.</p> <p>Risk Context:</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 and robust communication strategy.</p> <p>Analytical approach to stakeholder feedback. E.g., feedback from Student Council</p> <p>Creation and appointment to key roles following staffing utilisation and skills gaps analysis.</p>
Staff recruitment and retention.	<p>If the College fails to recruit and retain skilled and motivated staff then staff turnover will increase, resulting in poor succession planning, organisational knowledge and skills gaps, inability to meet strategic objectives and loss of market share.</p>	<p>Competitive pay & 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> <p>Competitive pay and kudos for working in OFSTED Outstanding college.</p> <p>Investors in People Gold & Champion status – demonstrates commitment to excellent people management.</p> <p>World-class, state of the art facilities attracts and retain talent.</p>
Health, safety and safeguarding.	<p>If there is a major health and safety/safeguarding failure (see risk context) then reputational damage and</p>	<p>Implementation of all policies including revised Health and Safety policy. Dedicated H&S officer.</p>

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	<p>loss of stakeholder confidence would ensue, resulting in loss of market share and income.</p> <p>Risk Context:</p> <ul style="list-style-type: none"> a. reduction in prison staffing, affecting staff security, and b. new activity (construction groundworks, IEI) c. Workplace training for growing number of apprentices and learners <p>Failure in child and vulnerable adult safeguarding procedures including counterterrorism and extremism</p>	<p>Regular campus and facility audits, Programme to be signed off by Leadership Board.</p> <p>Regular testing and reporting of procedures to ensure adherence.</p> <p>Early recognition & intervention achieved as a result of rigorous monitoring of effective and regular training for staff, students & governors in safeguarding disclosure procedures in conjunction with the Local Authority & Channel Officers.</p>
Inclusivity and vulnerable learners.	<p>If we fail to implement robust adaptations and interventions to support our most vulnerable learners, particularly during the Covid-19 pandemic, then our vulnerable cohorts would be adversely impacted. Vulnerable learner would fall behind in their studies, and/or become NEET, resulting in significant damage to College reputation, loss of stakeholder confidence, market share and income</p>	<p>Facilities available for vulnerable learners to study at College if appropriate.</p> <p>Introduction of various curriculum adaptations such as online learning to ensure delivery can continue for learners.</p> <p>Principal actively leading and participating in sector response, representing the College and sector in key meetings.</p> <p>Representation of SEND and Inclusive Practice Lead at MOMENTUM Group to raise issues and seek support for vulnerable learners/groups.</p> <p>Governing Body oversight of SEND curriculum and progress monitoring.</p>
Impact of Covid-19	<p>If there are major failure of elements of provision due to the impact of COVID-19 including financial,</p>	<p>Implementation of business continuity policy, including introduction of specific COVID-19 action plan.</p>

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	<p>reputational, staffing and quality of provision, then College reputation and profile would be adversely impacted, resulting in loss of stakeholder confidence, market share and income.</p>	<p>Introduction of online learning to ensure delivery can continue for learners.</p> <p>Facilities available for vulnerable learners to study at College if appropriate.</p> <p>Implementation of regular monitoring and testing of learners to support assessment.</p> <p>Ongoing dialogue with suppliers to ensure continuity of service where appropriate.</p> <p>Cashflow projections to Leadership Board and Governing Body to ensure financial wellbeing of College.</p> <p>Consideration of furlough scheme for relevant areas of College activity.</p> <p>Principal actively leading and participating in sector response, representing the College and sector in key meetings</p>
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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 eleven 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.

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.

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 three staff members and one student member on the Corporation Board. The Principal has sustained the use of the 'Momentum' group to manage all Covid-19 implications and a 'Virtual College' communication channel throughout the 2020/21 year.

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.

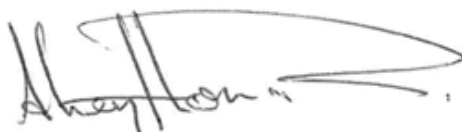
11.0 HEALTH & SAFETY

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 22 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Andrew Leighton-Price', with a long horizontal flourish extending to the right.

Signed

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 2020 to 31st July 2021 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 2021. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to always observe the highest standards of corporate governance. 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: -

	Date of Original Appointment	Date of most recent Reappointment	Termination/ Next Re-appointment Date	Attendance at Corporation in year (max: 7 meetings)
Ann Driver	10/2018		06/2022	6/7
Alex Nestor	02/2019		06/2022	6/7
Mark Canniford	06/2007	06/2021	06/2022	6/7
Chris Carter	08/2006	06/2021	06/2022	7/7
Gemma Day	02/2014	06/2021	06/2022	7/7
Andrew Leighton Price	12/2014	06/2021	06/2022	6/7
Jo Midgley	05/2015	06/2021	06/2022	5/7
Paul Ashbee	10/2019		10/2022	5/7
Grahame Paine	10/2019	10/2021	10/2022	6/7
Staff Members				
Fiona Waters – Support	04/1999	06/2021	06/2022	7/7
Maxine Park- Academic	07/2009	06/2021	06/2022	7/7
Ian Porter – H&S	02/2009	06/2021	06/2022	7/7
Student Member				
Noah Palmer	10/2020		Terminated 10/2021	1/7
Dr Paul Phillips - Principal	01/2001		Indefinite	7/7
Joanne Philpott – Clerk to the Corporation	10/2018	06/2021	06/2022	7/7
Corporation Associates				

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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 several 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 2020/21 to oversee all building projects.

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 can 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 2021 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 2021 are set out in note 9 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.

The Audit Committee has advised the board of governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2020/21 and up to the date of the approval of the financial statements are:

- Business Continuity
- Risk Management
- Sub-Contracting
- Finance Systems
- Cyber Security
- Structuring the Business for the Future

All audits were deemed to be 'Good' with recommendations proposed seeking to achieve 'Best Practice'. There were no concerns or risks raised by internal audit.

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

Capacity to handle risk

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

The risk and control framework

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

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

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

Responsibilities under funding agreements

When utilising funding agreements or funding contracts the College has a responsibility to:

- ensure that funds are used appropriately and that the College remains financially solvent
- achieve value for money on all transactions involving public funds
- appoint an accounting officer with appropriate separation of duties between executive and non-executive roles
- provide adequate notification of the vacating or filling of positions relating to the chair of the Governing Body, the Principal and the clerk
- notify the ESFA in writing if there is a change in the name of the Corporation and ensure it operates

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its responsibilities in line with exempt charitable status rules.

Furthermore, the accounting officer has a responsibility to:

- take personal responsibility, which shall not be delegated, to assure the Governing Body that there is compliance with the Funding Agreement and all other terms and conditions of funding. The accounting officer may be required to appear before the Parliamentary Committee of Public Accounts on matters relating to the College's use of Public Funds
- advise the Governing Body in writing if at any time, in his or her opinion, any action or policy under consideration by the Governing Body is incompatible with the Funding Agreement. If the accounting officer has evidence that the Governing Body is acting in breach of the Funding Agreement or any other terms and conditions of funding the accounting officer shall inform the ESFA in writing.

In addition to the above, the College has also ensured that:

- funds from the OfS and other publicly funded bodies are used only for the purposes for which they have been granted and in accordance with the registration terms and conditions issued by the OfS
- appropriate financial and management controls are in place to safeguard public and other funds
- the assets of the Group are safeguarded against fraud and other irregularities
- the management of the Group's resources is secure.

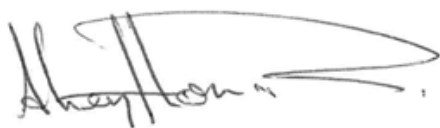
In order to achieve this, the Board of Governors:

- approve the financial accounts of the Group and monitors the income and expenditure throughout the year through committees
- approve the financial regulations of the College and its subsidiaries
- approve a comprehensive budget and monitors performance against this throughout the year
- create clearly defined and formalised requirements for approval and control of expenditure.

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 22 December 2021 and signed on its behalf by:



Andrew Leighton-Price
Chair

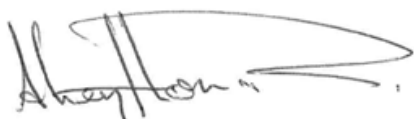
GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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 22 December 2021 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 2020 to 2021* 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:

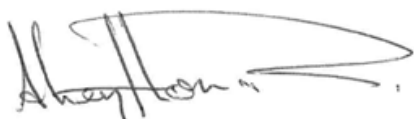
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial 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 22 December 2021 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 (the "College") and its subsidiaries (the "Group") for the year ended 31 July 2021 which comprise the consolidated and college statements of comprehensive income, the consolidated and college balance sheets, the consolidated and college statements of changes in reserves, the consolidated statement of cash flows and notes to the financial statements, including 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 2021 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 2020 to 2021 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 3 to the accounts, has been materially misstated.

Responsibilities of Weston College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 28, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and College operates in and how the group and college are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

WESTON COLLEGE GROUP

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, Regulatory Advice 9: Accounts Direction published by the Office for Students and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and other risk(s) as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and reviewing furlough income claims.

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 9 November 2021. 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: 22 December 2021

WESTON COLLEGE GROUP

CONSOLIDATED AND COLLEGE STATEMENT of
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

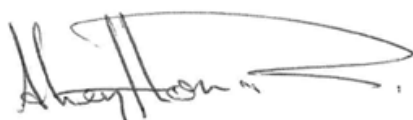
	Notes	Year ended 31 July 2021		Year ended 31 July 2020 as restated	
		Group £000	College £000	Group £000	College £000
INCOME					
Funding body grants	3	33,122	33,122	33,610	33,537
Tuition fees and education contracts	4	8,247	8,247	8,958	8,958
Other grants and contracts	5	11,458	3,944	4,552	3,451
Other income	6	16,521	2,816	17,140	2,524
Investment income	7	23	23	18	18
Donations and Endowments	8	-	306	-	782
Total income		69,371	48,458	64,278	49,270
EXPENDITURE					
Staff costs	9	40,754	29,511	42,038	29,126
Restructuring costs	9	218	160	420	187
Other operating expenses	10	24,242	14,449	18,641	15,611
Depreciation	13	2,350	2,311	2,201	2,158
Interest and other finance costs	11	874	816	909	827
Total expenditure		68,438	47,247	64,209	47,909
Surplus before other gains and losses		933	1,211	69	1,362
Surplus on disposal of fixed assets		146	146	-	-
Surplus before tax		1,079	1,357	69	1,362
Taxation	12	81	-	112	-
Surplus for the year		1,160	1,357	181	1,362
Transfer of Assets on Disposal	15	-	-	-	-
Actuarial gain/(loss) in respect of pensions schemes	28	1,410	1,205	(9,867)	(8,535)
Total comprehensive income/(expense) for the year		2,570	2,562	(9,686)	(7,174)
Represented by:					
Unrestricted comprehensive income/(expense)		2,570	2,562	(9,686)	(7,174)
		2,570	2,562	(9,686)	(7,174)

WESTON COLLEGE GROUP

CONSOLIDATED AND COLLEGE STATEMENT
OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Notes	Group 2021	College 2021	Group 2020 as restated	College 2020
		£000	£000	£000	£000
Non current assets					
Tangible Fixed assets	13	71,715	71,687	70,114	70,077
Intangible Fixed assets	14	-	-	30	-
Investments	15	-	1,962	-	1,962
		71,715	73,649	70,144	72,039
Current assets					
Stocks		230	224	274	272
Trade and other receivables	16	5,294	4,706	5,131	4,421
Investments		-	-	-	-
Cash and cash equivalents	24	18,866	17,643	13,262	12,292
		24,390	22,573	18,667	16,985
Less: Creditors - amounts falling due within one year	17	(9,339)	(8,725)	(7,578)	(6,937)
Net current assets		15,051	13,848	11,089	10,048
Total assets less current liabilities		86,766	87,497	81,233	82,087
Creditors - amounts falling due after more than one year	18	(52,637)	(52,637)	(50,834)	(50,834)
Provisions					
Defined benefit obligations	28	(31,388)	(27,522)	(30,304)	(26,553)
Other provisions	22	(814)	(814)	(738)	(738)
Total net assets		1,927	6,524	(643)	3,962
Unrestricted Reserves					
Income and expenditure account		(416)	4,181	(3,085)	1,520
Revaluation reserve		2,343	2,343	2,442	2,442
Total unrestricted reserves		1,927	6,524	(643)	3,962
Total Reserves		1,927	6,524	(643)	3,962

The Financial Statements on Pages 32- 58 were approved by the Corporation on 22 December 2021 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
Group			
Balance at 1 August 2019	7,358	2,541	9,899
Prior year adjustment	(856)	-	(856)
Restated Balance as at 1 August 2019	6,502	2,541	9,043
Deficit from the income and expenditure account	197	-	197
Prior period adjustment	(16)	-	(16)
Other comprehensive expense	(9,867)	-	(9,867)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Restated total comprehensive income for the year	(9,587)	(99)	(9,686)
Balance at 31 July 2020	(3,085)	2,442	(643)
Surplus from the income and expenditure account	1,160	-	1,160
Other comprehensive income	1,410	-	1,410
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Total comprehensive income for the year	2,669	(99)	2,570
Balance at 31 July 2021	(416)	2,343	1,927
College			
Balance at 1 August 2019	9,450	2,541	11,991
Prior year adjustment	(856)	-	(856)
Restated Balance as at 1 August 2019	8,594	2,541	11,135
Surplus from the income and expenditure account	1,378	-	1,378
Prior period adjustment	(16)	-	(16)
Other comprehensive expense	(8,535)	-	(8,535)
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Restated total comprehensive income for the year	(7,074)	(99)	(7,173)
Balance at 31 July 2020	1,520	2,442	3,962
Surplus from the income and expenditure account	1,357	-	1,357
Other comprehensive income	1,205	-	1,205
Transfers between revaluation and income and expenditure reserves	99	(99)	-
Total comprehensive income for the year	2,661	(99)	2,562
Balance at 31 July 2021	4,181	2,343	6,524

WESTON COLLEGE GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £000	2020 as restated £000
Cash flow from operating activities			
Surplus for the year		1,160	181
Adjustment for non-cash items			
Depreciation		2,350	2,216
Surplus on disposal of fixed assets		(145)	-
DCG Released		(869)	(857)
(Increase)/decrease in stocks		44	160
(Increase)/decrease in debtors		(163)	455
Increase/(decrease) in creditors due within one year		1,645	1,084
Increase/(decrease) in creditors due after one year		-	-
Pensions costs less contributions payable		2,087	1,549
Adjustment for investing or financing activities:			
Investment income		(23)	(18)
Interest payable		874	889
Net cash flow from operating activities		<u>6,960</u>	<u>5,659</u>
Cash flows from investing activities			
Proceeds from sale of fixed assets		600	-
Investment income		23	18
Withdrawal of deposits		-	3,000
DCG Received		4,655	1,534
Cash (outflow) from disposal		-	-
Payments made to acquire fixed assets		(4,375)	(3,822)
		<u>903</u>	<u>730</u>
Cash flows from financing activities			
Interest paid		(373)	(472)
Interest element of hire purchase payments		(18)	(8)
New unsecured loans		27	1,000
New hire purchase		-	728
Repayments of amounts borrowed		(1,710)	(1,268)
Repayments of hire purchase		(185)	(43)
		<u>(2,259)</u>	<u>(63)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>5,604</u>	<u>6,326</u>
Cash and cash equivalents at beginning of the year	24	13,262	6,936
Cash and cash equivalents at end of the year	24	18,866	13,262

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021**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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of Accounting

The Financial Statements 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 £13,682k (2020: £15,393k) 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 2022, 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 still subjected to face 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 2021.

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.

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.

1. Accounting policies continued

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.

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.

The cost of management and employee bonuses is recognised when there is a present legal or constructive obligation to make such payments and a reliable estimate can be made. Where benefits are provided as a long term incentive and have associated service conditions under a retention scheme, the cost is recognised over the vesting period when it is management's estimate that such conditions will vest.

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	5 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 because 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 several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. 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.

WESTON COLLEGE GROUP

2. Prior period adjustment

	Year ended 31 July 2020							
	previously reported		adj re 2020		adj re 2019		as restated	
	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000	Group £'000	College £'000
Changes to the Statement of Comprehensive Income								
Staff costs	42,022	29,106	16	16	-	-	42,038	29,122
Surplus before tax	85	1,378	(16)	(16)	-	-	69	1,362
Changes to the Statement of Financial Position								
Creditors – amounts falling due within one year	(6,706)	(6,065)	(16)	(16)	(856)	(856)	(7,578)	(6,937)
Income and expenditure account	2,213	(2,392)	16	16	856	856	3,085	(1,520)
Changes to Consolidated Statement of Cashflows								
Surplus for the year	197	-	(16)	-	-	-	181	-
Increase/(decrease) in creditors due within one year	1,068	-	16	-	-	-	1,084	-

In preparing the financial statements for the year ended 31 July 2021, it was identified that a liability had been omitted in respect of an existing obligation to pay remuneration benefits in a future period for services previously rendered. At 31 July 2020 the best estimate of the liability was £872k with only £16k relating to the service provided in that period. Net assets published in the 31 July 2020 annual report have therefore been reduced by £872k. £680k of the obligation is conditional on certain service and performance conditions being met under a deferred payment retention scheme and it is management's best estimate that those conditions will vest. £856k has been recognised in respect of services provided prior to 1 August 2019.

3. Funding body grants

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Education and Skills Funding Agency - adult	4,619	4,619	4,449	4,449
Education and Skills Funding Agency - 16 to 18	18,008	18,008	17,780	17,780
Education and Skills Funding Agency – apprenticeships (funded)	5,850	5,850	6,647	6,574
Devolved Funding – adult	1,276	1,276	1,037	1,037
Office for Students	2,500	2,500	2,836	2,836
Specific Grants				
Releases of government capital grants	869	869	861	861

WESTON COLLEGE GROUP

4. Tuition fees and educational contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	545	545	861	861
Fees for FE loan supported courses	789	789	874	874
Fees for HE loan supported courses	3,247	3,247	3,249	3,249
Total tuition fees	4,581	4,581	4,984	4,984
Education contracts	3,666	3,666	3,974	3,974
Total	8,247	8,247	8,958	8,958

5. Other grants and contracts

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other grants and contracts	11,458	3,944	4,552	3,451
Total	11,458	3,944	4,552	3,451

6. Other income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	499	149	647	101
Other income generating activities	15,389	312	15,352	492
Exam fee Income	39	9	37	21
Miscellaneous income	594	2,346	1,104	1,910
Total	16,521	2,816	17,140	2,524

7. Investment income

	Year ended 31 July 2021		Year ended 31 July 2020	
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	23	23	18	18
	23	23	18	18

WESTON COLLEGE GROUP

8. Donations and endowments

	Year ended 31 July	
	2021	2020
	College	College
	£'000	£'000
Gift Aid from subsidiary companies		
Forward Futures Limited	80	334
Offender Learning Services Limited	216	410
Somax	10	38
Total	306	782

9. Staff costs

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	No.	No.	No.	No.
Teaching staff	601	366	627	362
Non-teaching staff	335	260	385	283
	936	626	1,012	645

Staff costs for the above persons

	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	Restated £'000	Restated £'000
Wages and salaries	30,004	20,306	32,052	20,327
Social security costs	2,747	1,877	2,855	1,834
Other pension costs	7,311	5,362	6,724	4,764
Payroll sub total	40,062	27,545	41,631	26,926
Contracted out staffing services	692	1,966	407	2,200
	40,754	29,511	42,038	29,126
Restructuring costs – contractual	218	160	420	187
	40,972	29,671	42,458	29,313

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.

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	15	15

9. Staff costs continued

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

	Senior post-holders		Other staff	
	Year ended 31 July		Year ended 31 July	
	2021	2020	2021	2020
	No.	Restated No.	No.	No.
£60,001 to £65,000	-	-	4	3
£65,001 to £70,000	-	-	5	4
£70,001 to £75,000	-	-	1	1
£75,001 to £80,000	-	-	2	1
£80,001 to £85,000	-	-	2	-
£85,001 to £90,000	-	-	-	-
£90,001 to £95,000	-	-	1	-
£95,001 to £100,000	-	-	1	-
£105,001 to £110,000	-	-	-	5
£110,001 to £115,000	-	-	1	-
£115,001 to £120,000	-	-	1	-
£120,001 to £125,000	-	-	1	-
£260,001 to £265,000	-	1	-	-
£285,001 to £290,000	1	-	-	-
	1	1	19	14

Key management personnel emoluments are made up as follows:

	2021	2020
	£000	Restated £000
Salaries	1,678	1,297
Benefits in kind	94	99
Deferred payment – retention scheme	37	16
	1,809	1,412
Pension contributions	324	266
Total emoluments	2,133	1,678

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:

	2021	2020
	£000	£000
Compensation paid to former post-holder - redundancy	63	55
- payment in lieu of notice	0	25
Total	63	80

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

9. Staff costs continued

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

	2021	2020
		Restated
	£000	£000
Salaries	222	222
Benefits in kind	28	23
Deferred payment – retention scheme	37	16
	<u>287</u>	<u>261</u>
Pension contributions	70	67
	<u>357</u>	<u>328</u>
Basic Salary as a multiple of median basic salary of staff	8.75:1	8.80:1
Total Remuneration as a multiple of median total remuneration	10.61:1	9.80:1

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 continued 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 (2020) 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 several FE Colleges and a HE partners in UWE Bristol.

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 several 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.

Within this approach, and in addition to the information included in the salary bandings and table above, leadership board members received bonuses for the 2020/21 period of £111k (2020: £Nil), and in the case of the Accounting Officer £10k (2020: £Nil) respectively. In 2011, a retention agreement was established for the Accounting Officer to recognise their continued commitment to the College. For the year ending July 2021 an amount of £37k (2020: £16k – restated, as per note 2) was recognised in relation to this scheme with regards to the Accounting Officer. At this time, amounts stated remain unpaid and are subject to the conditions of the agreement being met at the point of retirement. In addition to the above the Principal received the equivalent of £55k (2020: £62k) which was received by the College from an external company for consultancy. This was agreed by the governing body.

WESTON COLLEGE GROUP

10. Other operating expenses

	Year ended 31 July		Year ended 31 July	
	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Teaching costs	14,319	6,301	9,906	8,516
Non-teaching costs	6,476	5,120	6,239	5,072
Premises costs	3,447	3,028	2,496	2,023
Total	24,242	14,449	18,641	15,611

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit*	109	97
Internal audit**	68	78
Other services provided by the financial statements auditors	6	2
Other services provided by the internal auditors	-	-
Inventory recognised as an expense	114	215
Hire of assets under operating leases	28	98

* includes £56,000 in respect of the College (2019/20 £44,000)

** includes £51,000 in respect of the College (2019/20 £78,000)

	2021
	£'000
Access and Participation Expenditure	
Access investment	86
Financial support	136
Support for disabled	-
Research and evaluation	30
	252

The Access and Participation Plan can be found here: <https://www.weston.ac.uk/about/policies-and-downloads>

11. Interest and other finance costs

	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans:	373	373	528	475
	373	373	528	475
Pension finance costs (note 26)	483	425	372	344
On finance leases	18	18	8	8
Total	874	816	909	827

12. Taxation

	2021	2021	2020	2020
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom deferred tax at 19.00% (2020: 19.00%)	81	-	112	-

13. Tangible fixed assets

Group	Land and Buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	83,464	-	4,268	1,461	89,193
Additions	1,840	-	2,264	272	4,376
Reclassification	415	-	1,046	(1,461)	-
Disposals	(731)	-	-	-	(731)
At 31 July 2021	84,988	-	7,578	272	92,838
Accumulated Depreciation					
At 1 August 2020	17,355	-	1,724	-	19,079
Charge for the year	1,703	-	617	-	2,320
Eliminated in respect of disposals	(276)	-	-	-	(276)
At 31 July 2021	18,782	-	2,341	-	21,123
Net book value at 31 July 2021	66,206	-	5,237	272	71,715
Net book value at 31 July 2020	66,109	-	2,544	1,461	70,114

College	Land and buildings		Equipment	Assets in the Course of Construction	Total
	Freehold	Long Leasehold			
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August 2020	83,464	-	4,183	1,461	89,108
Additions	1,840	-	2,264	272	4,376
Reclassification	415	-	1,046	(1,461)	-
Disposals	(731)	-	-	-	(731)
At 31 July 2021	84,988	-	7,493	272	92,753
Accumulated Depreciation					
At 1 August 2020	17,355	-	1,675	-	19,030
Charge for the year	1,703	-	609	-	2,312
Eliminated in respect of disposals	(276)	-	-	-	(276)
At 31 July 2021	18,782	-	2,284	-	21,066
Net book value at 31 July 2021	66,206	-	5,209	272	71,687
Net book value at 31 July 2020	66,109	-	2,508	1,461	70,078

Included in the net book value for both the Group and the College is £1,065k held under finance lease (2020: £1,076k).

14. Intangible assets (Goodwill)

	Goodwill
Cost	£'000
At 1 August 2020	115
Additions	-
At 31 July 2021	115
Amortisation	
At 1 August 2020	85
Charge for the period	30
At 31 July 2021	115
Net book value at 31 July 2021	-
Net book value at 31 July 2020	30

15. Non-current Investments

	College	College
	2021	2020
	£	£
Investments in subsidiary companies	1,962,001	1,962,001

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 2021:

- 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
- Restart Education, Training & Skills Ltd – a company limited by shares

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

WESTON COLLEGE GROUP

16. Trade and other receivables

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Amounts falling due within one year:				
Trade receivables	1,770	1,011	1,836	849
Amounts owed by group undertakings:				
Subsidiary undertakings	-	2,929	-	2,344
Deferred Tax	263	-	178	-
Prepayments and accrued income	2,958	479	2,451	654
Other debtors	303	287	666	574
Total due within one year	5,294	4,706	5,131	4,421

Total trade and other receivables	5,294	4,706	5,131	4,421
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17. Creditors: amounts falling due within one year

	Group 2021 £'000	College 2021 £'000	Group 2020 Restated £'000	College 2020 Restated £'000
Bank loans and overdrafts	1,710	1,710	1,710	1,710
Trade payables	633	528	665	591
Amounts owed to group undertakings:				
Subsidiary undertakings	-	2,671	-	1,340
Other taxation and social security	527	339	424	237
Hire purchase	189	189	171	171
Accruals and deferred income	5,336	2,344	3,761	2,041
Deferred income - government capital grants	944	944	847	847
Total	9,339	8,725	7,578	6,937

18. Creditors: amounts falling due after more than one year

	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Bank loans	11,972	11,972	13,683	13,683
Hire purchase	339	339	514	514
Deferred income - government capital grants	40,326	40,326	36,637	36,637
Total	52,637	52,637	50,834	50,834

19. Finance Lease**Hire Purchase Creditor**

Obligations under finance leases and hire purchase contracts are secured by the related assets and bear finance charges at rates ranging from 0.0% to 4.5% per annum (2020: 4.5% to 4.5% per annum).

The total minimum lease payments are payable:

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
In one year or less	190	190	172	172
Between one and five years	339	339	514	514
Total	529	529	686	686

Finance lease payments represent rentals payable by the organisation for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years (2020: 4 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The organisation's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 12.

20. Maturity of debt

Bank loans and overdrafts repayable as follows:

	Group 2021 £000	College 2021 £000	Group 2020 £000	College 2020 £000
In one year or less	1,710	1,710	1,710	1,710
Between one and two years	1,710	1,710	1,710	1,710
Between two and five years	4,997	4,997	5,131	5,131
In five years or more	5,265	5,265	6,842	6,842
Total	13,682	13,682	15,393	15,393

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 2020 £000	Cash flows £000	Other changes £000	At 31 July 2021 £000
Cash and cash equivalents				
Cash at bank and in hand	13,262	5,604	-	18,866
Current asset investments	-	-	-	-
	13,262	5,604	-	18,866
Borrowings				
Debt due within one year	(1,710)	1,710	(1,710)	(1,710)
Debt due after one year	(13,683)	1	1,710	(11,972)
	(15,393)	1,711	-	(13,682)
Net debt	(2,131)	7,315	-	5,184

22. Provisions

Group	Defined benefit Obligations £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2020	(30,304)	(738)	-	(31,042)
Expenditure in the period	(2,494)	57	-	(2,437)
Transferred from income and expenditure account	1,410	(133)	-	1,277
At 31 July 2021	(31,388)	(814)	-	(32,202)

College	Defined benefit Obligations £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2020	(26,553)	(738)	-	(27,291)
Expenditure in the period	(2,174)	57	-	(2,117)
Transferred from income and expenditure account	1,205	(133)	-	1,072
At 31 July 2021	(27,522)	(814)	-	(28,336)

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:

	2021	2020
Interest rate	1.6%	1.3%
Inflation rate	2.6%	2.2%

23. Analysis of Deferred Capital Grants

		Funding Body grants	Other Government Grants	Total
	Note	£000	£000	£000
Group				
At 1 August 2020		14,786	22,698	37,484
Cash received		1,265	3,390	4,655
Released to SOCI		(344)	(525)	(869)
At 31 July 2021		15,707	25,563	41,270
Current - due within one year	17	368	576	944
Due after more than one year	18	15,339	24,987	40,326
As above		15,707	25,563	41,270

		Funding Body grants	Other Government Grants	Total
	Note	£000	£000	£000
College				
At 1 August 2020		14,786	22,698	37,484
Cash received		1,265	3,390	4,655
Released to SOCI		(344)	(525)	(869)
At 31 July 2021		15,707	25,563	41,270
Current - due within one year	17	368	576	944
Due after more than one year	18	15,339	24,987	40,326
As above		15,707	25,563	41,270

24. Cash and cash equivalents

	At 1 August 2020 £'000	Cash flows £'000	At 31 July 2021 £'000
Cash and cash equivalents	13,262	5,604	18,866
Short term investments	-	-	-
Total	13,262	5,604	18,866

25. Capital and other commitments

	Group and College	
	2021 £'000	2020 £'000
Commitments contracted for at 31 July	-	1,426
Authorised but not contracted at 31 July	1,558	-

As at 31 July 2021, 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 2022.

26. Financial commitments

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

	Group and College	
	2021	2020
	£'000	£'000
Future minimum lease payments due		
Assets other than land & buildings		
Not later than one year	26	18
Later than one year and not later than five years	53	46
	<u>79</u>	<u>64</u>

27. Post balance sheet events

There were no post balance sheet events which would impact upon the financial accounts for 2020/21 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.

	2021	2020
	£'000	£'000
Total pension cost for the year		
Teachers' Pension Scheme:		
Contributions paid	3,802	3,469
Local Government Pension Scheme:		
Contributions paid	1,486	1,526
Actuarial charge	2,022	1,627
Charge to the Statement of Comprehensive Income	<u>7,310</u>	<u>6,622</u>
Enhanced Pension:		
Charge to Statement of Comprehensive Income	<u>1</u>	<u>102</u>
Total Pension Cost for Year within staff costs	<u>7,311</u>	<u>6,724</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the schemes were as of 31 March 2016 for the TPS and 31 March 2019 for the LGPS. There were outstanding contributions due to the LGPS of £184k (2020: £145k) 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. 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 £3,802k (2020: £3,469k).

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 2021 was £2,012k (2020: £2,075k), of which employer's contributions totalled £1,486k (2020: £1,526k) and employees' contributions totalled £526k (2020: £549k). The agreed contribution rates for future years are as follows:

- Employer's contributions are 14.3% for WC and 13.1% 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 2020 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	4.1%	3.8%
Rate of increase for pensions in payment	2.7%	2.4%
Discount rate for scheme liabilities	1.6%	1.6%
Inflation assumption (CPI)	2.6%	2.3%

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

	At 31 July 2021	At 31 July 2020
<u>Retiring today</u>		
Males	23.3	23.2
Females	25.4	23.7
<u>Retiring in 20 years</u>		
Males	24.8	24.7
Females	27.4	26.3

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

	2021	2020
	£'000	£'000
Equities	16,352	14,199
Government Bonds	3,715	2,313
Other bonds	3,102	867
Property	2,413	2,827
Cash / liquidity	690	964
Other	12,025	10,955
Total fair value of plan assets	38,297	32,125
 Expected rate of return	 13.00%	 4.10%
 Actual return on plan assets	 4,976	 (1,314)

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

	2021	2020
	£'000	£'000
Fair value of plan assets	38,297	32,125
Present value of plan liabilities	(69,659)	(62,402)
Present value of unfunded liabilities	(26)	(27)
Net pensions liability (Note 20)	(31,388)	(30,304)

28. Pension and similar obligations continued

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	3,444	3,153
Amounts included in investment income/expenditure		
Net interest expenditure	472	397
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(4,451)	497
Curtailments	64	-
Past service cost	-	61
Experience (gains) losses arising on defined benefit obligations	3,041	8,938
	2,570	13,046

The cumulative amount of actuarial losses recognised in the statement of gains & losses for accounting periods after 22 June 2002 is £21,261k (£18,220k on 31 July 2020). The best estimate of contributions to be paid to the scheme during the accounting period beginning after the balance sheet date is £1,482k.

Movement in net defined benefit liability during year:

	2021 £'000	2020 £'000
Net defined benefit liability in scheme at opening of the year	(30,304)	(18,413)
Movement in year:		
Current service costs	(3,444)	(3,153)
Employer contributions	1,486	1,526
Curtailments	(64)	-
Net interest on the defined liability	(472)	(397)
Actuarial loss	1,410	(9,867)
Net defined benefit liability at ending of the year	(31,388)	(30,304)

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

	2021 £'000	2020 £'000
Defined benefit obligations at start of period	62,429	48,322
Current service costs	3,395	3,101
Interest cost	996	1,084
Contributions by Scheme participants	526	549
Past service cost (gain)	-	61
Curtailments	64	-
Remeasurement of liabilities	3,041	8,938
Estimated benefits paid	(766)	(540)
Business combinations	-	914
Defined benefit obligations at end of period	69,685	62,429

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

	2021 £'000	2020 £'000
Fair value of plan assets at start of period	32,125	29,909
Interest on plan assets	524	687
Administrative expenses	(49)	(52)
Business combinations	-	543
Return on plan assets	4,451	(497)
Employer contributions	1,486	1,526
Contributions by Scheme participants	526	549
Estimated benefits paid	(766)	(540)
Fair value of plan assets at end of period	38,297	32,125

Deficit contributions

The Group has entered into an agreement with the LGPS to make additional contributions of £190k in 2020/21, rising to £197k in 2021/22 (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 £56k (2019/20 £63k). The Group holds a provision for this enhanced pension entitlement. At year end the provision was recalculated on the basis of guidance from the ESFA. The result was that £103k (2019/20 £102k) was debited to the accounts to bring the provision into line with the requirements of FRS 102.

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 previously a Governor of Worle School, from whom the College received Nil in the year (2020 – 10k). The balance owing to the College at the end of the year was Nil (2020 - Nil) in relation to supporting schools with extra-curricular activities.

Jo Midgley is a Governor of the College, is Director of student and partnership services at University of the West of England from whom the College received £325k in the year (2020: £686k) for the provision of Higher Education. The balance owing to the College at the end of the year was £159 (2020 – £122k). The balance owing to the University at the end of the year was £1k (2020 – Nil),

Fiona Waters is College Registrar and a trustee of Priory Community School Academy, from whom the College received £2k in the year (2020 – £2k). The balance owing to the College at the end of the year was £1k (2020 – £1k) in relation to supporting schools with extra-curricular activities.

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

	2020	2020
	£000	£000
Balance on 1 August	19	17
Funding body grants	272	257
	291	275
Disbursed as learner support	(273)	(254)
Administration cost	-	-
Balance at 31 July	18	19

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 2020/21 (2019/20: 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 9 November 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by Weston College Group during the period 1 August 2020 to 31 July 2021 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 2020 to 31 July 2021 have 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 Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. 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) data 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 are 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 Code.

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

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.

WESTON COLLEGE GROUP

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.

RSM UK Audit LLP

RSM UK AUDIT LLP

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Date: 22 December 2021