

# **City of Bristol College**

## **Members' report and financial statements**

For the year ended 31 July 2022

## **Professional advisers**

Independent auditor: Haines Watts Accountants (Exeter) Limited  
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## **Members' report and financial statements**

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## Members' Report

### OBJECTIVES AND STRATEGY

The governing body present their annual report together with the financial statements and auditor's report for City of Bristol College for the year ended 31 July 2022.

#### The College

City of Bristol College is a large further and higher education college situated in the heart of Bristol.

It offers a wide range of academic and vocational qualifications across Bristol, with more than 1,000 courses available from entry to degree level and provides education and training to over 14,000 learners.

#### Legal status

The City of Bristol College Corporation (the "Corporation") was established under the Further and Higher Education Act 1992 for the purpose of conducting the business of City of Bristol College (the "College"). The College is an exempt charity for the purposes of the Charities Act 2011.

#### Subsidiary Companies

The College has three subsidiary companies.

Any surpluses generated by these subsidiary companies are transferred to the College under Gift Aid.

<b>Name</b>	<b>Nature of business</b>	<b>Trading status</b>
Partners in Bristol Limited	Education & Training	Trading
Bristol Professional Services Limited	Staff services	Trading
South West Apprenticeship Company Limited	Apprenticeship Training Agency	Trading

#### Mission, Vision, Strategy and Objectives

During 2021/22 the College undertook a wide ranging review of its Strategic Plan, consulting with external and internal stakeholders in order to set out a strategy which will continue to meet the needs of learners and employers across the city region.

##### Mission

We are Bristol's College: transforming lives – developing the workforce of the future

##### Vision

By 2024/25 we want to be recognised as a high performing college that meets the needs of the city we serve

##### Values

We Respect each other

We are Ambitious for ourselves and for our College

We are Honest in everything we do

We are Inclusive - everyone is welcome here and can achieve

## **College Centres and Assets**

The College operates four main centres in Bristol at; Ashley Down, College Green, Parkway/Advanced Engineering Centre and two centres in South Bristol: The South Bristol Skills Academy and the new Advanced Construction Skills Centre, offering excellent facilities including purpose-built, well-equipped classrooms and workshops.

In September 2021 the College welcomed its first cohort of students at its Advanced Construction Skills Centre. The building was an investment of over £9m, of which £6m was funded by the Local Enterprise Partnership (LEP).

During FY21 year the College had secured the sale of part of its site at Ashley Down, as part of the long term strategy to move construction from Ashley Down to the new Advanced Construction Skills Centre (ACSC) facility. The College had fully vacated and mothballed the Ashley Down building as at 31 July 2022, and has recognised the sale of the asset within these accounts. This sale has significantly strengthened the College balance sheet, with net current liabilities reducing to £1.3m from £4.3m in FY21. The final sales proceeds of £4.76m were received in September 2022, significantly improving the College's cash position.

The College has £9.4m of net assets which includes a defined benefit pension deficit of £19.6m. The College has bank and other loans of £13.5m and closing cash balances of £1.28m.

## **Investment in New Facilities**

In February 2021 the College commenced the construction of its Advanced Construction Skills Centre in Hengrove, Bristol which opened for its first intake of students in September 2021. The new facility has greatly enhanced the geographical range and breadth of the College's offer in both traditional and civil construction training, with the support of local employers.

There have been a number of projects associated with the closure of the Ashley Down building moving curriculum areas to other centres. The College also invested in its IT equipment during the year with the upgrade of student IT suites which has given a much improved student experience.

## **Staff**

The college employed an average of 778 staff and during FY22 undertook a significant review of efficiency as part of the curriculum planning process. This led to savings to bring us much closer to the recommended benchmark of 65% pay to income ratio and a good indication of this success is current data showing excellent utilisation in early FY22-23. Turnover and sickness increased on the previous pandemic hit year as we moved in to society 'reopening' but effective measures are in place to monitor this. Staff development is high on the agenda for the coming year with a planned management development academy and relaunched "new staff welcome". This sits alongside recognising our staff as our most valuable asset and an action plan in place following the results of the recent staff survey. In addition, creating of Joint Negotiation Committee (JNC) working parties to review key priorities around workload and wellbeing are high on the agenda.

## **Staff and student involvement**

Good continued communication with staff remains very important to the College. Alongside the use of College Voice, all staff receive email communication and regular updates from the Chief Executive and senior members of staff. A reinvigorated staff awards ceremony was held at the end of the year to recognise outstanding performance and CPD events have been delivered both virtually and in person.

### Trade union facility time

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

Average number of employees	778
FTE employee number	638
<b>Percentage of time</b>	<b>Number of employees</b>
1-50%	3
51-99%	1

	£'000
Total cost of facility time	72
Total pay bill (excluding restructuring)	29,242
Percentage of total bill spent on facility time	0.25%
Time spent on paid trade union activities as a percentage of total paid facility time	0.25%

### Learners

**14-19 year-olds:** The College is the largest provider of post-16 education in Bristol with 3,600 16-18 year old students following College-based or Apprenticeship programmes. The College also links with several local schools to provide learning for 14 – 16 year olds.

**Adults:** Over 10,500 adults choose to study with the College each year at one of our four main centres, at one of its local community partner venues or in their own workplace.

**Apprentices:** The College is a large provider of Apprenticeships with around 1,000 of its students aged 16-18 and 19+ studying for an Apprenticeship at the College.

**Higher Education students:** By working together with universities and awarding bodies, the College has made significant contributions to the delivery of Higher Education in Bristol. These include developing specialist courses for the region, and generally widening participation in Higher Education in the area. There were some 350 students studying on HE courses with the College in 2021-22.

### Stakeholders

The College works collaboratively with civic and community stakeholders, with employers and with other education providers. Our key stakeholders include:

- Our current, future and past students;
- Our staff and their trade unions. The trade unions of which CoBC staff are members are the University and College Union, National Education Union and Unison.
- The College works with a number of key employers in the City, a large number of Small and Medium Entities (SMEs) and is the national Apprenticeship provider for DAF trucks through a Skillnet contract. The College's wholly owned subsidiary company, Partners in Bristol (PiB), responds to the needs of employers at pace. PiB have close partnerships with the Department for Work and Pensions (DWP) and Job Centre Plus alongside other employers on activities including Sector based Work Academies (SWAPs) which help meet the needs of those furthest from the workplace.
- The College's wholly owned Apprenticeship Training Agency, the South West Apprenticeship Company (SWAC) has eleven years' experience of recruiting, placing, employing and mentoring apprentices placed within SMEs and larger levy paying hosts continuing to offer a service to those companies that would not otherwise engage with apprenticeships.

- Links with our two local Higher Education Institutions, the University of the West of England (UWE) and the University of Bristol (UoB), remain strong and joint activities continue to be developed including around a Civic University agreement.
- The College remains the largest provider of Special Educational Needs and Disabilities (SEND) provision in the local area and enjoys a close ongoing relationship with Bristol City Council.
- As the city's principal provider of English Speaking for Other Languages (ESOL) qualifications we have been responsive to the changing learners arriving from overseas including learners from Afghanistan, Hong Kong, and, most recently, Ukraine, working closely with Bristol City Council and the DWP.
- The College works closely alongside the West of England Combined Authority (WECA), Business West, including around the Local Skills Improvement Plan (LSIP) and with other providers through the Skills Development Fund as the Institute of Technology plus (IoT+).

## **Reputation**

The College's reputation continues to improve, as recognised in its recent Ofsted inspection and strengthening results in all major areas. In addition, the College's provision for students with additional support needs is held in high regard by stakeholders.

## **Public Benefit**

City of Bristol College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 18 to 19.

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.

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

- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

## **Operating and Financial Review**

During 2021/22 City of Bristol College focussed on four key strategic priorities in line with its refreshed strategic plan. These were based around learner achievement, a valued workforce, working in collaboration with partners, and ensuring the College's financial sustainability. The objective to continue to strengthen financial sustainability and performance follows a prolonged period where the impacts of the pandemic on the global and regional economy had a significant effect on the Further Education sector. Recovering from a period of online study during the height of the pandemic, City of Bristol College has returned to on site and in-person delivery across all areas.

September 2021 saw growth in the recruitment of students for 16-18 year old study programmes, with the College responding to demographics and learner requirements, and meeting its ESFA allocated numbers for the year; though the full funding benefit from this recruitment will not be felt until 2022/23. Recruitment in other areas of delivery was less strong with the College, in line with many other FE institutions, experiencing a reduction in Higher Education activity and a slower than expected recovery in apprenticeship recruitment with Bristol's employers still facing the wider impact of the economic downturn. Responding to these shortfalls in some income streams the College embarked on a restructuring exercise to ensure that staffing levels remained appropriate, and with a view to establishing a sustainable and efficient paybase which moved closer to the expected pay/turnover benchmark for the sector. This restructure included a limited number of redundancies with costs charged to 2021/22 where appropriate; the full impact of the exercise on the College's pay/turnover ratio will be seen in the 2022/23 academic year.



## Operating and Financial Review *(continued)*

Alongside the ongoing improvement in the College's financial sustainability, the College's curriculum and quality improvement continued during 2021/22. Following the last full Ofsted inspection in November 2019, a monitoring visit in November 2021 assessed the College as making 'reasonable progress' in four of five areas considered noting that 'the provider's actions are already having a beneficial impact on learners, and improvements are sustainable and are based on the provider's thorough quality assurance procedures. Positive progress in this area is reflected in the College's self assessment review for 2022/23, and signals that the College remains on target to be judged as 'Good' in the next full Ofsted inspection.

### Financial highlights

The College delivered a sector-specific EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) of £2.5m, which is a decrease from the £3m generated in 2020/21. This result is after a year-end restructuring costs of £500k. The EBITDA translates to a group operating deficit before other gains and losses of £2.4m in 2021/22 (2020/21: £4.7m deficit). £2.7m of this (2020/21 £2.3m) related to the annual FRS102 pension charge and related interest expense which is not a cash cost. The underlying trading position is cash generative showing cash generated from operations of £4.1m (2020/21: £3m).

Income from 16-18 year olds and associated high needs funding has increased by £2.6m compared to FY21 as a result of an increase in student numbers of 15% compared to FY21. This increase is offset by £0.5m reduction in AEB funding from devolved authorities. The economic condition following COVID-19 has continued to present a challenging trading environment for commercial income, including apprenticeships. Income from tuition fees has however grown by £410k compared with 2020/21 with income from apprenticeships being £96k higher than in 2020/21.

During FY21 year the College has secured the sale of part of its site at Ashley Down, as part of the long term strategy to move construction from Ashley Down to the new Advanced Construction Skills Centre (ACSC) facility. The College had fully vacated the building as at 31 July 2022, and has recognised the sale of the asset within these accounts. This transaction has significantly strengthened the College balance sheet, with net current liabilities improving to £1.1m from £4.3m in FY21. The final sales proceeds of £4.76m were received in September 2022, significantly improving the College's cash.

The ESFA financial health score for FY22 remains an automatic score of 'Requires Improvement'.

### Financial Performance 2021/22

In order to compare total operating out-turn with cash-generating trading, a table is presented below. This shows the relationship between Total Deficit for the year and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), which is not shown separately on the Statement of Comprehensive Income, but provides a useful measure of underlying cash-based trading. Sector-specific EBITDA, a measure used by the ESFA in assessing financial health, is also shown below.

		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Total deficit for the year		(2,376)	(4,760)
Eliminate	Taxation	-	-
	(note 12)		
	Gains on sale of assets	(235)	(62)
	Depreciation and amortisation	3,665	3,318
	(note 14)		
	Impairment of fixed assets	109	2,034
	(note 14)		
	Interest	1,478	1,634
	(note 11)		
	<b>EBITDA</b>	<b>2,641</b>	<b>2,164</b>
Eliminate	Grant releases	(2,102)	(685)
Add Back:	FRS102 pension charge	1,955	1,562
	<b>Sector EBITDA</b>	<b>2,494</b>	<b>3,041</b>

The grant of £2,102k represents £874k of grant receipts released to income spread over the life of the assets for which the grants were made and £1,228k of the release of grants associated with the sale of Davy House at Ashley Down.

## Operating and Financial Review *(continued)*

Sector EBITDA has reduced from £3m in 2020/21 to £2.5m in 2021/22. The below table shows income, pay and non-pay with the above adjustments removed.

	2022 £'000	2021 £'000	Movement £'000
Income	42,901	39,573	3,328
Pay	(27,287)	(24,695)	(2,592)
Restructuring	(500)	(89)	(411)
Non-pay	(12,620)	(11,748)	(872)
<b>Sector EBITDA</b>	<b>2,494</b>	<b>3,041</b>	<b>(547)</b>

The Group has seen an overall increase of £3.3m in income impacting sector EBITDA.

The College saw significant growth in 16-18 student numbers (15%) in FY21, which under the lag funded methodology translated into additional funding in FY22. When combined with Element 2 high needs funding increases, total 16-18 income increased by £2.56m compared to FY21. The College has continued to see additional COVID-19 related funding for the 16-19 Tuition Fund of £517k which has directly benefitted its students.

Adult education has seen a reduction in income of £497k as a result of additional Government funding in response to the COVID-19 pandemic in FY21 as well as not having a contract with Greater London Authority in FY22. All non-devolved income in FY22 is generated through the devolved West of England Combined Authority (WECA).

Apprenticeships was significantly impacted by COVID-19 pandemic in FY20 and FY21 as employers delayed recruitment activity. The number of new starts improved in FY22, assisted by additional government incentives to employers. Income from apprenticeships has increased by £96k compared to 2020/21, and the pipeline for new starts in FY22-23 remains strong.

Tuition fees have started to recover following the significant impact to this income due to the COVID-19 pandemic, and as such income from HE and FE courses have increased by £410k compared to FY21.

The College was part of an Institute of Technology consortium (IOT+) and benefitted from funding of £228k to develop its staff and curriculum.

Other income has increased in total by £1m compared to FY21. £536k of this increase is as a result of a significant increase in activity in the College's subsidiary The South West Apprenticeship Company Ltd (SWAC) an Apprenticeship Training Agency. The remainder of the increase is as a result of the impact of students returning to the College site and income generation from catering, homestay arrangements and travel income.

During the year a subsidiary company, Partners in Bristol Ltd made a gift aid donation of £293k to the College which is recognised as investment income. This is eliminated within the consolidated accounts.

The College increased its focus on curriculum efficiency during the year which had a positive financial impact on in-year pay costs as well as setting an efficient staffing base for FY23. This resulted in a number of redundancies giving rise to a cost of £500k in-year, of which £368k is held within accruals at the year-end. The College issued a consolidated cross-college pay award of 2.2% from 1 August 2021 which was above the industry average. In addition, the College agreed a reduction of required teaching hours for lecturers to 840.

Non-pay costs have increased compared to FY21 largely as a result of the return of students to the College. The College has also felt the impact of inflationary increases on certain costs such as building materials. Utility prices have also had a negative impact on the College's non-pay costs, however the impact has been mitigated by protected prices from fixed prices with suppliers. Subcontracting costs have reduced in line with the ESFA's drive to reduce the levels of subcontracting within Colleges.

## Operating and Financial Review *(continued)*

The College has continued its capital investment programme with the £9m Advanced Construction Skills Centre (part funded by the West of England Combined Authority) which welcomed students from September 2022 as well as investment in essential IT equipment for students and staff. In addition, the College has made investments in moving out of Davy House and relocating other provision to other College centres.

Total comprehensive income for the year is £28m (2021 £196K), reflecting actuarial gains in the LGPS pension scheme of £30m (2021 £5.2m) and reversal of previous revaluations of £Nil (2021 £269k). The net LGPS pension liability as at July 2022 has reduced by £27.5m primarily as a result of the significant increase in discount rate from 1.6% to 3.5%.

### Going Concern

The financial statements are prepared on a going concern basis notwithstanding that the Group reported an operating loss for the year ended 31 July 2022 of £2.3 million and has net current liabilities as at 31 July 2022 of £1.4 million.

The Board of Governors has prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, including the continued impact of COVID-19, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

### Financial Objectives

The College submitted a new two year financial plan to the Education and Skills Funding Agency in July 2022. The Agency assesses financial health of organisations by the scoring of three key metrics:

- adjusted current ratio;
- Sector EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) as a percentage of income;
- and borrowing as % of income.

The College's auto-score for the year to July 2022 was Requires Improvement. The College's objective is to have a financial health score of Good. The planned financial health for the following years is as follows:

		2023 budget	2024 plan
<b>Ratios</b>			
1	Adjusted current ratio	1.26	1.39
2	EBITDA as a % of income - education specific	8.75%	7.64%
3	Borrowing as a % of income	28.39%	23.68%
<b>Calculation of grade</b>			
4	Adjusted current ratio	60	60
5	EBITDA as a % of income - education specific	80	70
6	Borrowing as a % of income	70	70
7	<b>Total points</b>	<b>210</b>	<b>200</b>
8	<b>Financial health grade (automated)</b>	<b>Good</b>	<b>Good</b>

In addition to the ESFA financial health assessment, the College has set a full range of quality and financial Key Performance Indicators (KPIs), encompassing short-term and long-term targets which are delivered by the Financial Plan. This full suite of KPIs is monitored by the College and Governors.

## Operating and Financial Review (continued)

The College has adopted the key financial benchmark KPIs published by the FE Commissioner (FEC) to monitor its financial performance. Performance against these KPIs is as follows:

	21/22 (actual)	22/23 (budget)	23/24 (plan)	FEC benchmarks	Within target range by FY24
Adjusted operating surplus as a % of income (excluding impairment)	0.43%	0.99%	-0.2%	>1%	No
Debt service cover ratio	1.41	1.26	1.22	>2	No
Lowest month cash days in hand	1	12	34	>25	Yes
Adjusted current ratio	1.01	1.26	1.4	>1.4	Yes
Staff costs as % of income (group position)	69.2%	66.9%	67.2%	<65 % (GFE)	No
Staff costs as % of income (FE only position)	68.4%	65.8%	66.3%	<65 % (GFE)	
Financial health grade	Requires Improvement	Good	Good	Good or Outstanding	Yes

The group views staff costs as a % of income as both the group figure and the figure for Further Education (FE) only. Separation is important since the subsidiary the South West Apprenticeship Company Ltd has a high ratio due to the nature of it being an Apprenticeship Training Agency (ATA) and this therefore skews the FE measure.

### Cash flows

In the year ended 31 July 2022 net cash inflow was £130k (2020/21 cash outflow £397k). The College has generated operating cash inflows of £4.1m.

Capital investment, net of grants received was £1,061k (20/21 £2,079k) predominantly due to the final stages of the construction of the new Advanced Construction Skills Centre in Hengrove, South Bristol and associated projects. The cash inflows from the sale of Davy House occurred in September 2022.

Debt and finance repayments totalled £2,914k (2020/21 £2,860k which included an additional £391k repaying part of the College's ESFA loan following a land sale).

The College continues to monitor its cash flow on a regular basis to ensure that commitments are met and that ongoing financial sustainability is maintained.

### Treasury policies and objectives

Treasury management is the management of the College'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 which sets out the objectives of treasury management to: -

- provide a means by which the College can meet its commitments;
- ensure that sufficient sums are available at short or no notice to meet foreseeable requirements; and
- earn an acceptable rate of return on surplus funds without undue risk.

## **Operating and Financial Review** *(continued)*

### **Sustainability and Environment**

Bristol was the UK's first ever European Green Capital, the first UK city to declare a climate emergency and the first UK city to publish a Voluntary Local Review of implementation of the United Nations' Sustainable Development Goals (SDGs). We have recently joined with partners from across the City as well as the FE & HE sectors taking forward the Green Agenda.

Our Action Plan sets out how we will support Bristol's climate change ambitions and, through doing so, contribute to local, regional, national and international targets through our Estate. We will also teach the next generation of sustainability champions through our curriculum and through extra curricula activities.

The College has a Sustainability & Climate Action Steering Group which oversees this activity chaired by the Vice Principal, Corporate Services & External Relations and overseen by the Sustainability Link Governor, Shawn Smith.

The College recently signed up to the Bristol One City Climate Ask as we are working towards becoming net zero.

### **Strategic plan**

Following significant internal and external consultation, in December 2021, the College Corporation approved the new 'Transforming Lives' Strategic Plan and accompanying Mission, Vision and Values. The Plan was drafted in response to changing educational policy and to respond to a country and a sector emerging from the Covid-19 pandemic, facing economic challenges and adapting to the climate emergency. Meeting local and regional skills needs is at the heart of the College's Strategic Plan, Mission and Vision.

The strategic plan is aligned to the Risk Register and key performance indicators for close and timely monitoring by the Executive Team, Strategic Leadership Team and Corporation through Committees and Main Board.

### **Transparency arrangements**

The Corporation has adopted the FE Code of Good Governance For English Colleges and assesses that it is fully compliant with the provisions of the Code. The Corporation also has regard to the Corporate Governance Code (2018) and the Charity Governance Code (2018) drawing upon best practice available and regulatory requirements as they relate to the Further Education and Charity sectors.

In 2020/21 the Corporation established two Task & Finish Groups as sub-committees of the Curriculum & Quality Committee.

Board Minutes are published on the website once they have been approved and adopted at the next meeting.

Full minutes of all meetings (except Remuneration Committee and Confidential Minutes) are available upon request from the Clerk to the Corporation by email: [governance@cityofbristolcollege.ac.uk](mailto:governance@cityofbristolcollege.ac.uk) or by writing to

The Clerk to the Corporation  
City of Bristol College  
College Green Centre  
St Georges Road  
Bristol BS1 5UA

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is published on the College website on the Corporate Governance pages.

## Operating and Financial Review *(continued)*

### Taxation

The majority of the College's activities are not subject to corporation tax.

### Principal risks and uncertainties

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the key risks to which the College is exposed as part of its Accountability Framework. The Framework identifies systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent monthly reviews evaluate their effectiveness and progress against risk mitigation actions.

An Accountability Framework is therefore generated by the Strategic Leadership Team and maintained at the College level which is reviewed by the Audit Committee. The framework identifies the key risks, the likelihood of them occurring, their potential impact on the College and the actions being taken for them to be reduced and mitigated. Risks are prioritised using a consistent scoring system and a "Risk Owner" is identified. The risks are reviewed at relevant committees of governors, and by managers, on an ongoing basis and any movement in the impact assessment (positive or negative) is recorded.

The strategic risks assessed across 2021/22 were:

#### Student achievement

- Failure to improve quality to Ofsted "good" or to meet OFS Regulatory Standards.
- Failure to plan and deliver a relevant curriculum tailored to student and employer needs

#### Valued workforce

- Existing staff are insufficiently engaged to achieve the College's strategic goals resulting in delayed or frustrated cultural change
- The College is unable to deliver a high-quality student experience due to significant disruption from industrial action
- The college fails to attract and retain suitable staff for key vacancies on a permanent basis necessitating use of expensive agency staffing options or risk strategic failure to deliver core curriculum, governance or regulatory activity
- The College fails to generate efficiencies through staff utilisation and effective use of restructuring, leading to an unsustainable pay to turnover ratio and an unfair distribution of workloads.

#### Working collaboratively

- Failure to be responsive to the needs of employers and students resulting in lower - learner numbers
- Failure to realise opportunities of partnership working in the FE and HE space and to make required changes to offer resulting in lower market share in key markets including in FE & HE
- Failure to realise partnership opportunities in the Apprenticeship space - Bristol Talent and UWE – and subsequent failure to derive greater value share of Apprenticeship market
- Poor quality impacts the College's ability to remain on the RoATP or continues to limit opportunities to join large levy registers in key sectors

#### Financial sustainability

- Failure to effectively and efficiently manage the College's (staffing and asset) resources, costs and revenues results in serious financial weakness, financial covenant breach and/or a deterioration of the College's financial health.
- Inability to provide timely robust management information impacts our ability to make efficient informed decisions.
- CyberSecurity breach resulting in loss of IT systems or data, up to and including complete system failure. E.G. Ransomware attack, encryption of systems/data, and extortion of money to restore access
- Rising energy costs
- Ensuring the College's estate, including assets planned for disposal, is fit for purpose.

## **Operating and Financial Review** *(continued)*

### **Quality**

City of Bristol College was last inspected by Ofsted in November 2019. At that time, inspectors judged the overall effectiveness of the provision to be require improvements.

In March 2021 Ofsted conducted a virtual progress monitoring visit to assess the provision of education and training across the period of extended lockdown during the pandemic. The progress visit focused on making one single judgment: “What progress are leaders and those responsible for governance making to ensure that staff teach a curriculum and provide support to meet learners’ needs, including the provision of remote/online learning?” The conclusion was that the College was making reasonable progress.

In November 2021 Ofsted returned for a formal monitoring visit to assess progress made in five key areas.

For four of these areas (quality of teaching and learning, governor oversight, maths, level 3 business, the judgement was that the College is making ‘reasonable progress’ (defined as “the provider’s actions are already having a beneficial impact on learners, and improvements are sustainable and are based on the provider’s thorough quality assurance procedures”). For the fifth area, focussing on provision of construction apprenticeships, progress was deemed to be ‘insufficient’ and a robust quality improvement programme, overseen by senior management and reporting to a Governor-led Task and Finish Group, was immediately put into place.

Learning points and improvement activities from these recent visits continue to be implemented and monitored in line with the College’s commitment to enable all students to achieve their potential by delivering high-quality education, training and support to meet wider needs. Quality continues to improve with draft Achievement Rates for 2021/22 at 84.4%, an increase of two percentage points on the last meaningful year for comparison (2018/19) and the highest overall level in the College’s recent history.

The College places quality at the heart of its strategic plan with a commitment to

- Raise academic standards to ensure high quality student outcomes in all areas
- Ensure all students have a ‘go to’ person at the College to best support their individual needs including around health & wellbeing
- Deliver a curriculum that enables students to develop skills in English, Maths and Digital at all levels
- Develop an enrichment offer which builds on student’s wider skills, interests and aspirations and supports diversity
- Create pathways to enable students to progress through employment
- Maximise the use of digital technology to support lifelong learning and retraining opportunities

### **Equal opportunities and employment of disabled persons**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College’s Equality, Diversity and Inclusion Policy, and annual report against the public sector equality duty, is published on the College’s web site.

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

## Operating and Financial Review *(continued)*

### Disability statement

The College has implemented an Equality Framework which aims to reduce disadvantages, discrimination and inequalities of opportunity, and which promotes diversity in terms of its learners, workforce, the community and partners as well as in the services it delivers. As part of this the College recognises its legal responsibilities set out in the Equality Act 2010.

The College wants disabled people learning, working and visiting City of Bristol College to be enabled to participate fully by: -

- Removing barriers and changing attitudes that prevent disabled people from getting access to education, employment and services provided by the College and its partners.
- Promoting Disability Equality at all levels within the College.
- Working together with disabled people, organisations of disabled people and disability access groups to achieve equality of opportunity.
- Involving disabled people including our disabled employees and students on employment matters and the services we provide.
- Training its own employees, so they are aware of and have the skills to take positive action in removing barriers placed in the way of disabled people by society.
- Creating a culture where harassment and discrimination against disabled people is unacceptable and will be stopped, should it occur.
- Creating a culture where both learners and employees feel able to declare their disability so that accurate information is available to help us look at such things, reasonable adjustments, priority areas and targets for improvement.
- Act as an example of good practice to other organisations.
- Utilising our Single Equalities Scheme and Action Plan to cover all Faculties, Units and activities within the College.

The College aims to remove any identified barriers to obtaining its services and will seek to ensure that the services provided are those that are required.

### Disclosure of Information to Auditor

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

### Members' report approval

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:



.....  
**P Rilett**  
*Chair*

**Date:** 12 December 2022



## Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2021 to 31 July 2022 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- in full accordance with the guidance to colleges from the Association of Colleges in the Code of Good Governance for English Colleges and having due regard to the UK Corporate Governance Code 2018 insofar as it is applicable to the Further Education sector.

The College is committed to exhibiting best practice in all aspects of Corporate Governance. The College formally adopted the Code of Good Governance for English Colleges issued by the Association of Colleges (December 2011) in April 2012 and adopted the revised Senior Post Holder Remuneration Code (December 2019) in July 2020.

The College has not adopted, and therefore does not apply, the UK Corporate Governance Code (2018) but draws upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the Further Education sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In the opinion of the Governors, the College complies with all the provisions of the Code of Good Governance for English Colleges including the revised Remuneration Code, and it has complied throughout the year ended 31 July 2022.

### Public Benefit

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 the Corporation during the year and up to the date of signature of this report were as follows:

*Governors appointed up to the signing of the accounts with attendance figures for 2021/22  
up to 31 July 2022*

<b>Name</b>	<b>Date Appointed</b>	<b>Term of Office (years)</b>	<b>Date of Resignation/ Retirement</b>	<b>Committees Served</b>	<b>Attendance for 2020/21</b>
<b>External Members</b>					
Dan Amin	20 May 2021	Four		Audit Curriculum & Quality	10/12
Lis Anderson	21 Oct 2015	Four (Second term)	22 August 2022		2/4
Tony Antonius	April 2019 (category change 16 July 2020)	Four		Audit	7/8
Andrea Arlidge	25 March 2019	Four		Curriculum & Quality	6/8
Steve Bennett (Vice Chair)	15 July 2019	Four		Curriculum & Quality Remuneration Search & Governance	10/12
Stephen Boardman	30 March 2020	Four		Business Services	5/8
Geoffrey Channon	31 July 2013	Four (Second term, extended for one year)	18 July 2022	Curriculum & Quality	6/8
Richard Gaunt (Vice Chair)	19 March 2014 (category change)	Four (Second term)		Business Services Remuneration (Chair) Search & Governance	11/12
Sandra Gordon	4 January 2021	Four		Business Services	8/9
Marc Griffiths	13 December 2021	Four		Business Services	5/5
Keith Hutton	14 Dec 2016	Four (extended for two years)		Curriculum & Quality	7/8
Peter Rilett (Chair)	16 November 2016	Four (second term)		Business Services Curriculum & Quality Remuneration Search & Governance	15/16
ShawnSmith	20 May 2021	Four		Audit	7/8
Zoe Taylor	15 March 2017	Four (Second term)			4/4
Judith Harper	11 December 2022	Nil		Curriculum & Quality	NA (appointed after year-end)
Daniel Jones	11 December 2022	Nil		Business Services	NA (appointed after year-end)
<b>Principal &amp; chief Executive</b>					
Diane Dimond	1 August 2022	Ex Officio		Business Services Curriculum & Quality Search & Governance	NA (appointed after year-end)
Richard Harris	23 August 2021	Ex Officio	31 July 2022	Business Services Curriculum & Quality Search & Governance	15/15

<b>Staff Governors</b>					
Alison Beckingham	20 July 2021	Three		Curriculum & Quality	8/8
Tony Green	15 January 2021	Three		Business Services	7/8
<b>Student Governors</b>					
Jason Budd	21 October 2021	End of enrolment	25 August 2022	Curriculum & Quality	5/7
Alice Gray	21 October 2021	End of enrolment	11 January 2022	Curriculum & Quality	1/3
<b>Co-opted Members</b>					
Asma Ahmad	October 2019	Four		Curriculum & Quality	1/4
Felicity Brown	December 2020	Four		Audit	4/4
Jo Greenwood	September 2020	Four		Audit	4/4
Vanessa Moon	May 2016	Four (second term as co-opted)		Search & Governance	3/3

Elizabeth Gorman served as Acting Clerk to the Corporation during 2021/22.

Richard Harris served as CEO & Acting Principal from 23 August 2021 to 31 July 2022. Diane Dimond served as Interim Principal and Chief Executive from 1 August 2022.

### **The governance framework**

The Corporation conducts its business through the following committees: Audit; Curriculum and Quality; Business Services; Remuneration; and Search and Governance. Each committee has terms of reference which have been approved by the full Corporation. One Task & Finish Group operated as a sub-committee of the Curriculum & Quality Committee during 2021-22.

The following persons acted as directors of the College's wholly owned subsidiaries

Partners in Bristol Limited:

- Joanne Ward from 25 August 2021
- Richard Harris from 16 July 2019
- Simon Face (Independent Director) from 24 September 2020 until 9 February 2022
- Simon Arnold (Managing Director) from 19 December 2019

The South West Apprenticeship Company:

- Richard Harris from 28 February 2019
- Luke Menzies (Independent Director) from 12 February 2016
- Clare Vertigen (Managing Director) from 11 May 2012
- Joanne Ward from 9 September 2021

Bristol Professional Services

- Richard Harris from 16 July 2020
- James Richardson from 24 September 2020 until 22 April 2022

## **The Corporation**

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 & safety and environmental issues. The Corporation meets at least once a term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are Curriculum & Quality, Business Services, Audit, Remuneration and Search and Governance.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection on the college's website or from the clerk to the corporation at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on key issues as and when they arise.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal & Chief Executive of the College 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 & Governance Committee which comprises of four governors and one co-opted member with relevant experience and is responsible for recommending to the Board potential members for the Corporation's consideration.

During 2021/22 the Committee conducted successful search activity for recruiting new governors and succession planning for vacancies.

The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years except for the staff members (three years) and student members who are appointed for the duration of their studies.

Members can apply for an additional four year term through the Search & Governance Committee for final decision by the Corporation as a whole.

## **Corporation performance**

The Corporation reviews its performance as a part of an annual self-assessment. For 2021/22 a review has been conducted against the criteria in the Association of College's Code of Good Governance For English Colleges.

Individual committee self- assessment is undertaken annually alongside the review of the Terms of Reference. The Chair conducts one to one meetings with individual governors. The Corporation considers itself to be effective.

The governing body is committed to development and held an externally facilitated seminar on 11 November 21 as well as two further development sessions in February and June. Two new governors attended the Association of Colleges induction sessions; two student governors attended the Unloc Festival of Student Governance; three governors attended the Association of Colleges' regional Governance Conference. Governors have ongoing access to the ETF Governance Development Programme (a series of self-directed study modules).

The Acting Clerk to the Corporation completed the Education and Training Foundation Governance Professionals' Development Programme and attended the AoC South West Governance Professional Network.

The governing body has considered DfE guidance on board reviews and has plans to commission an external review in 2022/23.

### **Remuneration Committee**

Throughout the year ending 31 July 2022, the College's Remuneration Committee comprised of four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal & Chief Executive and designated senior post holders including the Clerk.

The Corporation adopted the AoC's Senior Staff Remuneration Code at its July 2019 meeting and has complied with the code throughout 2021/22

Details of remuneration for the year ended 31 July 2022 are set out in note 9 to the financial statements.

### **Audit Committee**

The Audit Committee comprises of five members, the Chair is a full member of the Corporation, and two members are co-opted members. Several members of the Committee are Chartered Accountants with significant audit experience. The Chair of the Corporation, the Principal & Chief Executive, members of the Business Services committee and the staff governors are excluded from membership.

The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets at least once each term and provides a forum for reporting on the College's internal and independent 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 ESFA and other funding bodies, as they affect the College's business.

The audit committee met 4 times in the year to 31 July 2022. The members of the committee and their attendance records are shown below:

<b>Committee Member</b>	<b>Meetings Attended</b>
Dan Amin	2/4
Tony Antonius	4/4
Felicity Brown	4/4
Jo Greenwood	4/4
Shawn Smith	3/4

The College's internal auditors monitor 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 recommendations and internal audit undertake periodic follow up reviews, to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### **Internal Control Scope of responsibility**

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

The Corporation has delegated day-to-day responsibility to the Principal & Chief Executive, as Accounting Officer, (from 23 August 2021 this was to the Chief Executive & Acting Principal, from 1 August 2022 this was to the Interim Principal and Chief Executive), 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 the post holder is personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between the College and the ESFA and other funding bodies. The post holder is also responsible for reporting to the Corporation any material weaknesses or break-downs in internal control.

Risk Management reporting, which includes the key results of risk identification and evaluation of these risks is a standing agenda item at each Audit Committee meeting and includes the review of business operational, compliance and financial risk. The Risk Register brings together, and sets out, the accountabilities of the Strategic Leadership Team in relation to risks and Key Performance Indicators (KPIs). The purpose of the framework is to make clear the accountability and leadership of KPIs and risks and the identification of committee responsibilities in relation to assurance monitoring and reporting. In 2021/22 each committee reviewed the relevant risks and KPIs as a standing agenda item each meeting. The Audit Committee and Main Board reviewed all the risks and all KPIs as a standing agenda item at each meeting.

### **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 City of Bristol College for the year ended 31 July 2022 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the business, 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 2022 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, administration procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- Regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance; and
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

The College's internal auditors operate in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal auditors 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 Internal Auditors provide the Governing body with a report on internal audit activity at the College. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

The College's Financial Regulations govern its approach to procurement, which ensures regularity and propriety in the use of public funding, as well as securing value for money as part of the commitment to achieving efficiency, economy and effectiveness. As part of the scope of the internal and external auditors work any non-compliance with the College's Financial Regulations would be reported to the Audit Committee and the Corporation.

## **Statement of the Audit Committee**

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

The specific areas of work undertaken by the Audit Committee in 2021/22 and up to the date of the approval of the financial statements are:

- Risk Management and Assurance
- Cash flow forecasting
- Staff and Student Mental Health & Wellbeing/Covid Response
- IT Asset Management

There were no significant findings in relation to the above.

## **Review of effectiveness**

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

- The work of the internal auditors;
- The work of the Strategic Leadership Team within the College who have responsibility for the development and maintenance of the internal control framework;
- Comments made by the College's independent auditors and regularity auditors in their management letter and other reports. The input of the Audit Committee, including the annual report of the Audit Committee to the Corporation.

The Principal & Chief Executive has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditors and other sources of assurance including the College's Risk Register, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Principal & Chief Executive and Strategic Leadership Team receive regular reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms, which are embedded across the College and reinforced by risk awareness training. The Principal & Chief Executive, members of the Strategic Leadership Team (as appropriate) and Audit Committee also receive regular reports from the internal auditors, 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 emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2022 meeting, the Corporation carried out the annual assessment for the year ended July 2022 by considering documentation from the Strategic Leadership Team and the internal auditors, and taking into account of events since 31 July 2022.

Based on the advice of the Audit Committee and the Principal & Chief Executive, 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".

There have been no significant internal control weaknesses identified during the period to July 2022 and up to the date of approval of the annual report and financial statements.. The Audit Committee considers that there are no other recommendations that are not receiving adequate management attention and that the timescale for the implementation of recommendations is being observed. The College has demonstrated good progress in implementing actions agreed to address internal audit recommendations.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:



.....  
P Rilett  
Chair

**Date:** 12 December 2022



.....  
D Dimond  
Interim Principal & Chief Executive

**Date:** 12 December 2022



## Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the ESFA of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreements and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of grant funding agreements and contracts with the ESFA.

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

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



.....  
P Rilett  
Chair

Date 12 December 2022



.....  
D Dimond  
Interim Principal & Chief Executive

Date 12 December 2022

## **Statement of responsibilities of the members of the Corporation**

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year. Within the terms and conditions of the Corporation's grant funding agreements and contracts with ESFA, WECA and OfS, the Corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which gives a true and fair view of the state of affairs of the Corporation and surplus/deficit of income over expenditure for that period.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the Corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Corporation will continue in operation.

The Corporation is also required to prepare a Members' Report that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation. The Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA, and any other public funds, are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA, or any other public funder.

Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economic, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 12 December 2022 and signed on its behalf by:



P Rilett

Chair

**Date:** 12 December 2022

## **Independent Auditor's Report to the Corporation of City of Bristol College**

### **Opinion**

We have audited the financial statements of City of Bristol College for the year ended 31 July 2022 which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the College's affairs as at 31 July 2022, and of the Group's and the College's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Corporation 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**

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the College or to cease their operations. They have also concluded that there are no material uncertainties that could cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Corporation's conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- We consider that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- We have not identified, and concur with the Corporation's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the College will continue in operation.

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

## **Other information**

The Members are responsible for the other information. The other information comprises the information in the Members Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

## **Report on other legal and regulatory requirements**

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency:

We have nothing to report in respect of the following matters where, in our opinion:

- Proper accounting records have not been kept; and
- The financial statement are not in agreement with the accounting records; and
- All information and explanations required for the audit were not received.

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

We have nothing to report in respect of the following matters where in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated

## **Responsibilities of the Members of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 26, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine 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 Members of the Corporation are responsible for assessing the Corporation'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 Members either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

## **Auditors' responsibilities for the audit of the financial statements**

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud and error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the parent Corporation and the sector in which they operate. We determined that the following laws and regulations were most significant: The Education and Skills Funding Agency (ESFA) rules, the Office for Students (OfS) rules, OFSTED rules, Health and Safety Regulations, Employment law, Fire Safety and The General Data Protection Regulation (GDPR).

We also considered those laws and regulations that have a direct impact of the preparation of the financial statements such as the College Account Direction for 2021 to 2022 and the Post-16 Audit Code of Practice issued by the ESFA.

- We obtained an understanding of how the Group and Corporation is complying with those legal and regulatory frameworks and made enquiries to the management of known or suspected instances of fraud and non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes, other relevant meeting minutes and review of correspondence with regulatory bodies.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
  - Identifying and assessing the controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgments made by management in its significant accounting estimates and judgments, in particular in relation to pensions, accruals, prepayments depreciation and amortisation;
  - Identifying and testing journal entries, in particular journal entries posted with unusual account combinations; and
  - Assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the Corporation's members as a body. Our audit work has been undertaken so that we might state to the Corporation's members those matters we are required to state to them in a Report of the Auditors 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 and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Benjamin de Cruz*

**Benjamin de Cruz (Senior Statutory Auditor)**

For and on behalf of

Haines Watts Accountants (Exeter) Limited

3 Southernhay West

Exeter

Devon

EX1 1JG

Date 14 December 2022

## **Reporting Accountant's Assurance Report on Regularity**

**To: The Corporation of City of Bristol College and Secretary of State for Education, acting through Education and Skills Funding Agency (ESFA)**

In accordance with the terms of our engagement letter and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by City of Bristol College during the period 1 August 2021 to 31 July 2022 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of City of Bristol College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of City of Bristol College and 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 City of Bristol College and ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of City of Bristol College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2021 to 31 July 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self assessment questionnaire prepared by City of Bristol College.
- Evaluation of the system of internal controls for authorisation and approval.
- Performing substantive tests on relevant transactions.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2021 to 31 July 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities that govern them.

*Haines Watts Accountants (Exeter) Limited*

**Haines Watts Accountants (Exeter) Limited**

Registered Auditors  
3 Southernhay West  
Exeter  
Devon  
EX1 1JG

Date 14 December 2022



## Consolidated and College Statements of Comprehensive Income

	Notes	Year ended 31 July		Year ended 31 July	
		2022	2022	2021	2021
		Group	College	Group	College
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2	32,246	32,224	29,013	29,013
Tuition fees and education contracts	3	9,353	9,183	8,893	8,837
Other grants and contracts	4	1,115	1,115	1,103	1,077
Other income	5	2,289	1,061	1,248	561
Investment income	6	0	293	1	1
<b>Total income</b>		<b>45,003</b>	<b>43,876</b>	<b>40,258</b>	<b>39,489</b>
<b>EXPENDITURE</b>					
Staff costs	8	29,242	27,474	26,257	24,978
Restructuring costs	8	500	494	89	86
Other operating expenses	10	12,620	13,593	11,748	12,663
Depreciation	14	3,665	3,662	3,316	3,314
Amortisation	15	-	-	2	2
Interest and other finance costs	11	1,478	1,478	1,634	1,634
<b>Total expenditure</b>		<b>47,505</b>	<b>46,701</b>	<b>43,046</b>	<b>42,677</b>
<b>Deficit before other gains and losses</b>		<b>(2,502)</b>	<b>(2,825)</b>	<b>(2,788)</b>	<b>(3,188)</b>
Gain on disposal of assets		235	235	62	62
Impairment of fixed assets	14	(109)	(109)	(2,034)	(2,034)
<b>Deficit for the year before tax</b>		<b>(2,376)</b>	<b>(2,699)</b>	<b>(4,760)</b>	<b>(5,160)</b>
Taxation	12	-	-	-	-
<b>Deficit for the year</b>	13	<b>(2,376)</b>	<b>(2,699)</b>	<b>(4,760)</b>	<b>(5,160)</b>
Actuarial gain/(loss) in respect of pensions schemes		30,234	30,234	5,225	5,225
Reversal of previous revaluations		-	-	(269)	(269)
<b>Total Comprehensive income/(deficit) for the year</b>		<b>27,858</b>	<b>27,535</b>	<b>196</b>	<b>(204)</b>

The accompanying notes 1 to 29 form part of these financial statements.

## Consolidated and College Statement of Changes in Reserves

Group	Income and Expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Balance at 1 August 2020</b>	<b>(22,001)</b>	<b>3,328</b>	<b>(18,673)</b>
Deficit from the income and expenditure account	(4,760)	-	(4,760)
Other comprehensive income	5,225	(269)	4,956
Transfers between revaluation and income and expenditure reserves	418	(418)	-
<b>Total comprehensive income for the year</b>	<b>883</b>	<b>(687)</b>	<b>196</b>
<b>Balance at 31 July 2021</b>	<b>(21,118)</b>	<b>2,641</b>	<b>(18,477)</b>
Deficit from the income and expenditure account	(2,376)	-	(2,376)
Other comprehensive income	30,234	-	30,234
Transfers between revaluation and income and expenditure reserves	7	(7)	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>27,865</b>	<b>(7)</b>	<b>27,858</b>
<b>Balance at 31 July 2022</b>	<b>6,747</b>	<b>2,634</b>	<b>9,381</b>
<b>College</b>			
<b>Balance at 1 August 2020</b>	<b>(21,737)</b>	<b>3,328</b>	<b>(18,409)</b>
Deficit from the income and expenditure account	(5,160)	-	(5,160)
Other comprehensive income	5,225	(269)	4,956
Transfers between revaluation and income and expenditure reserves	418	(418)	-
<b>Total comprehensive income for the year</b>	<b>483</b>	<b>(687)</b>	<b>(204)</b>
<b>Balance at 31 July 2021</b>	<b>(21,254)</b>	<b>2,641</b>	<b>(18,613)</b>
Deficit from the income and expenditure account	(2,699)	-	(2,699)
Other comprehensive income	30,234	-	30,234
Transfers between revaluation and income and expenditure reserves	7	(7)	-
<b>Total comprehensive income/(deficit) for the year</b>	<b>27,542</b>	<b>(7)</b>	<b>27,535</b>
<b>Balance at 31 July 2022</b>	<b>6,288</b>	<b>2,634</b>	<b>8,922</b>

## Consolidated and College Balance sheets

	Notes	Group 2022 £'000	College 2022 £'000	Group 2021 £'000	College 2021 £'000
<b>Fixed assets</b>					
Tangible fixed assets	14	62,206	62,184	69,434	69,409
Intangible fixed Assets	15	40	40	40	40
Investments		-	3	-	3
		<b>62,246</b>	<b>62,227</b>	<b>69,474</b>	<b>69,452</b>
<b>Current assets</b>					
Stocks		66	66	53	53
Trade and other receivables	17	6,952	7,038	2,288	2,458
Cash and cash equivalents	22	1,279	1,211	1,149	1,120
		<b>8,297</b>	<b>8,315</b>	<b>3,490</b>	<b>3,631</b>
<b>Less: Creditors – amounts falling due within one year</b>	18	(9,660)	(10,118)	(7,850)	(8,105)
<b>Net current liabilities</b>		<b>(1,363)</b>	<b>(1,803)</b>	<b>(4,360)</b>	<b>(4,474)</b>
<b>Total assets less current liabilities</b>		<b>60,883</b>	<b>60,424</b>	<b>65,114</b>	<b>64,978</b>
<b>Less: Creditors – amounts falling due after more than one year</b>	19	(31,747)	(31,747)	(36,279)	(36,279)
<b>Provisions</b>					
Defined benefit obligations	21	(19,628)	(19,628)	(47,165)	(47,165)
Other provisions	21	(127)	(127)	(147)	(147)
<b>Total net assets</b>		<b>9,381</b>	<b>8,922</b>	<b>(18,477)</b>	<b>(18,613)</b>
<b>Unrestricted reserves</b>					
Income and expenditure account		6,747	6,288	(21,118)	(21,254)
Revaluation reserve	23	2,634	2,634	2,641	2,641
<b>Total unrestricted reserves</b>		<b>9,381</b>	<b>8,922</b>	<b>(18,477)</b>	<b>(18,613)</b>

The financial statements on pages 33 to 62 were approved and authorised for issue by the Corporation on 12 December 2022 and were signed on its behalf on that date by:



P Rilett  
Chair

**Date:** 12 December 2022



D Dimond  
Accounting Officer

**Date:** 12 December 2022

## Consolidated statement of Cash Flows

	Notes	2022 £'000	2021 £'000
<b>Cash inflow from operating activities</b>			
Deficit for the year		(2,376)	(4,760)
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation		3,665	3,318
Impairment of fixed assets		109	2,034
(Increase)/Decrease in stocks		(13)	32
Decrease/(Increase) in debtors		96	(416)
Increase in creditors due within one year		1,837	352
(Decrease) in creditors due after one year		(2,391)	(685)
(Decrease) in provisions		(20)	(19)
Pensions costs less contributions payable		1,955	1,562
Taxation		-	-
<b>Adjustment for investing or financing activities</b>			
Investment income	6	-	(1)
Interest payable	11	1,478	1,634
Taxation paid		-	-
Gains on sale of fixed assets		(235)	(62)
		<hr/>	<hr/>
<b>Net cash flow from operating activities</b>		4,105	2,989
<b>Cash flows from investing activities</b>			
Net Proceeds (including selling costs) from sale of fixed assets		(30)	1,552
Investment income		-	1
Payments made to acquire fixed assets		(1,247)	(6,588)
Payments made to acquire intangible assets		-	-
Deferred Capital Grants received		216	4,509
		<hr/>	<hr/>
		(1,061)	(526)
<b>Cash flows from financing activities</b>			
Interest paid		(728)	(818)
Interest on finance leases		(26)	(18)
Capital element of finance lease rental payments		(300)	(245)
Repayments of amounts borrowed		(1,860)	(1,779)
		<hr/>	<hr/>
		(2,914)	(2,860)
		<hr/>	<hr/>
<b>Increase/(Decrease) in cash and cash equivalents in the year</b>		<u>130</u>	<u>(397)</u>
<b>Cash and cash equivalents at beginning of the year</b>	22	1,149	1,546
<b>Cash and cash equivalents at end of the year</b>	22	1,279	1,149

## Notes

*(forming part of the financial statements)*

### 1 Statement of accounting policies

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

#### ***Basis of preparation***

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2021 to 2022 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### ***Basis of accounting***

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

#### ***Going concern***

The financial statements are prepared on a going concern basis notwithstanding that the Group reported an operating loss for the year ended 31 July 2022 of £2.4 million and has net current liabilities as at 31 July 2022 of £1.4 million.

The Board of Governors has prepared cash flow forecasts which indicate that, taking account of severe but plausible downsides, the Group and College will have sufficient funds to meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements (the going concern assessment period).

#### ***Basis of consolidation***

The consolidated financial statements include the College and its subsidiaries controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2022.

## 1 Statement of accounting policies (continued)

### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from Office for Students (OfS) represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

### **Post-retirement benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and 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 fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating deficit 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.

## **1 Statement of accounting policies (continued)**

Retirement benefits to employees of the College 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 Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred. Further details of the pension schemes are given in note 26.

The group also operates a NEST defined contributions scheme in its subsidiary undertakings. Contributions are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### ***Short term employment benefits***

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

### ***Enhanced pensions***

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income 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.

### ***Non-current Assets - Tangible fixed assets:***

#### ***Land and buildings***

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years and for the major adaptations to buildings, over the remaining period of their useful life.

Leasehold buildings are depreciated over the period of the lease. Building refurbishments are depreciated over 10 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.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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(s) exceeds its recoverable amount. The recoverable amount is the higher of its value in use (being the present value of expected future cash flows) and its fair value less costs to sell.

The gain or loss on disposal of an asset is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

## **1 Statement of accounting policies (continued)**

### ***Subsequent expenditure on existing fixed assets***

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

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

### ***Assets under construction***

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2022. They are not depreciated until they are available for use.

### ***Equipment***

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Cost includes purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Equipment inherited from the Local Education Authority has been fully depreciated. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its economic useful life as follows:

Inherited equipment and motor vehicles	-	25% per annum
Computer equipment	-	33.3% per annum
General equipment	-	20% per annum

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

### ***Intangible assets***

Intangible assets are capitalised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the institution and the cost can be measured reliably. Amortisation is charged as follows:

Software Licences	-	20% per annum
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### ***Maintenance of premises***

The College has a 10 year planned maintenance programme which is reviewed on an annual basis. The cost of routine planned maintenance expenditure is charged to the income and expenditure account in the period it is incurred. The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

### ***Leased assets***

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The relevant assets are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.



## **1 Statement of accounting policies (continued)**

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

### ***Capitalisation of finance cost***

Finance costs directly associated with capital work are capitalised along with other construction costs during the construction phase of fixed assets. Capitalisation of such financing costs will cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

### ***Investments***

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Current asset investments are stated at the lower of their original cost and net realisable value.

### ***Stocks***

Stocks are stated at the lower of their cost and net realisable value on a First in First Out (FIFO) basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### ***Foreign currency translation***

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### ***Taxation***

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover 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 subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

### ***Deferred taxation***

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise.

### ***Liquid resources***

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

## **1 Statement of accounting policies (continued)**

### ***Provisions and contingent liabilities***

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

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

### ***Cash***

Cash for the purposes of the cash flow statement comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand.

### ***Financial instruments and equity***

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short-term deposits held by the group are classified as basic financial instruments in accordance with Section 11 and Section 12 of FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the college has calculated that the difference between the historical cost and amortised cost 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.

### ***Agency arrangements***

The College acts as an agent in the collection and payment of learner support funds and adult learning grants. Related income received from the main funding body and subsequent disbursements to students are excluded from the income and expenditure account (and are shown separately in note 28), except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant.

### ***Judgements in applying accounting policies and key sources of estimation uncertainty***

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

## 1 Statement of accounting policies (continued)

### Other key sources of estimation uncertainty

- Tangible fixed assets*

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

- Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2 Funding body grants

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>ESFA</b>				
Recurrent grant	20,832	20,832	18,427	18,427
Devolved Authorities	6,075	6,075	6,572	6,572
Work based learning	2,244	2,222	2,148	2,148
Releases of deferred capital grants				
Land & buildings	1,730	1,730	567	567
Equipment	202	202	47	47
CDC Grant Income	289	289	410	410
Other funds	36	36	33	33
<b>Specific Grants – Coronavirus additional funding</b>				
ESFA 16-19 Tuition Fund	517	517	475	475
COVID-19 Mass testing funding	-	-	104	104
	<b>31,925</b>	<b>31,903</b>	<b>28,783</b>	<b>28,783</b>
<b>Office for Students (OfS)</b>				
Recurrent grant	237	237	150	150
Releases of deferred capital grants				
Equipment	47	47	36	36
Widening participation	37	37	44	44
	<b>321</b>	<b>321</b>	<b>230</b>	<b>230</b>
	<b>32,246</b>	<b>32,224</b>	<b>29,013</b>	<b>29,013</b>

CDC Grant income relates to spend of £289k included in non-pay costs in FY21 and FY22 funded through the ESFA to improve the condition of the College's estate. This income relates to items that are not capital in nature and therefore the expense has been recognised in the income statement.

The Corporation has been eligible to claim additional funding in year from government support schemes in response to the Coronavirus pandemic. The funding received from 16-19 tuition fund covered matched associated pay and non-pay costs.

**3 Tuition fees and education contracts**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<b>Tuition Fees and charges</b>				
UK higher education students	1,973	1,973	2,107	2,107
EU and UK	2,802	2,632	2,258	2,202
Non-EU students	-	-	-	-
	<b>4,775</b>	<b>4,605</b>	<b>4,365</b>	<b>4,309</b>
<b>Education contracts</b>				
Local education authority	4,578	4,578	4,528	4,528
Other income	-	-	-	-
	<b>4,578</b>	<b>4,578</b>	<b>4,528</b>	<b>4,528</b>
<b>Total</b>	<b>9,353</b>	<b>9,183</b>	<b>8,893</b>	<b>8,837</b>

**4 Other grants and contracts**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Releases from deferred capital grants (non main funding bodies)	123	123	35	35
Coronavirus Job Retention Scheme Grant	6	6	247	221
Teachers Pension Scheme Grant	758	758	821	821
Other grants and contracts	228	228	-	-
<b>Total</b>	<b>1,115</b>	<b>1,115</b>	<b>1,103</b>	<b>1,077</b>

**5 Other income**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Residences, catering and conferences	486	486	269	269
Other income generating activities	56	56	25	25
Exam fees	5	5	1	1
Sale of materials	3	3	3	3
Student travel	234	234	139	139
Apprenticeship Training Agency income	1,217	-	681	-
Other income	288	277	130	124
<b>Total</b>	<b>2,289</b>	<b>1,061</b>	<b>1,248</b>	<b>561</b>

**6 Investment income**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank interest receivable	-	-	1	1
Gift aid receivable from subsidiaries	-	293	-	-
	<u>-</u>	<u>293</u>	<u>1</u>	<u>1</u>

**7 Sources of Grant and Fee Income**

The following disclosure relates to the requirements of the Office for Students (OfS) Accounts Direction and is in respect of Higher Education courses.

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant income from OfS	321	321	230	230
Grant income from other bodies	33,040	33,018	29,886	29,860
Fee income for taught awards	1,973	1,973	2,107	2,107
Fee income for research awards	0	0	-	-
Fee income for non-qualifying courses	2,802	2,632	2,258	2,202
<b>Total Grant and Fee Income</b>	<u><b>38,136</b></u>	<u><b>37,944</b></u>	<u><b>34,481</b></u>	<u><b>34,399</b></u>

**8 Staff costs - Group and College**

The average number of persons (including key management personnel) employed by the College during the year, described as average headcount, was:

	Year ended 31 July	
	2022	2021
Staff Numbers		
Teaching staff	423	414
Teaching - other	10	13
Teaching support services	192	189
Other support services	65	62
Administration and central services	59	71
Premises	29	30
Other	-	-
	<u><b>778</b></u>	<u><b>779</b></u>

Temporary and casual workers are excluded from the above head-count calculation.

## 8 Staff costs - Group and College (continued)

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
<b>Staff costs</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	21,366	19,729	19,321	18,153
Social security costs	1,823	1,751	1,598	1,533
Pension costs (including FRS102 adjustments)	6,053	5,994	5,338	5,292
<b>Payroll sub total</b>	<b>29,242</b>	<b>27,474</b>	<b>26,257</b>	<b>24,978</b>
Contracted out services	-	-	-	-
Restructuring costs	500	494	89	86
	<b>29,742</b>	<b>27,968</b>	<b>26,346</b>	<b>25,064</b>

Restructuring costs relate to redundancy payments, severance payments and an accrual for pay in lieu of notice, £40k of which were non contractual entitlements (2021: £21k). £368k of the restructuring cost is held within accruals at the year-end.

### Key management personnel

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of the College, The Principal & Chief Executive (and/or acting equivalent), The Vice Principal, Curriculum and Quality and the Deputy Principal and Chef Executive (until August 2022) and Vice Principal, Corporate Services and External Relations (from September 2021).

### 9 Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2022	2021
	No.	No.
The number of key management personnel including the Accounting Officer was:	4	3

The above figures include the total number of individuals who held key management posts which remained at 3 and any time during the current year and 3 in the prior year.

The number of key management personnel and other staff who received annualised emoluments, excluding pension contributions and employers' national insurance but including benefits in kind, in the following ranges was:

	Key Management Personnel		Other staff	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,001 to £65,000	-	-	5	5
£65,001 to £70,000	-	-	-	1
£85,001 to £90,000	-	1	-	-
£90,001 to £95,000	2	-	1	-
£95,001 to £100,000	-	1	2	-
£130,001 to £135,000	1	-	-	-
£145,001 to £150,000	1	1	-	-
	<b>4</b>	<b>3</b>	<b>8</b>	<b>6</b>

## 9 Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

The above figures include 2 other staff and 0 key management personnel who joined during the year, and 5 other staff and 1 key management personnel who left during the year (FY21: 1 other staff and 1 key management personnel who joined during the year, and 2 other staff who left during the year). Annualised emoluments spread PILON and associated pension payments over the notice period rather than the date paid. During the year, total compensation for loss of office payments of £32,089 were paid to three staff members whose annualised salary was greater than £60,000.

Key management personnel compensation is made up as follows:

	Year ended 31 July	
	2022	2021
	£'000	£'000
Salaries	296	307
Other emoluments	93	-
Benefits in kind	-	-
Pension contributions	62	70
	<b>451</b>	<b>377</b>

### Highest Paid Individual

Richard Harris, the Acting Principal & Chief Executive and accounting officer, was the highest paid individual upon taking post of Acting Principal and Chief Executive from September 21. The above emoluments key management personnel compensation includes amounts payable to the Acting Principal (who was also the highest paid senior post-holder) as follows:

	Year ended 31 July	
	2022	2021
	£'000	£'000
Salaries	130	150
Benefits in kind	-	-
Pension contributions	27	36
	<b>157</b>	<b>186</b>

Andy Forbes was accounting officer until his departure in August 2022. During this year, he received emoluments of £17,728, payments in lieu of notice of £92,860 and compensation for loss of office of £27,400. The college made pension contributions of £2,018 in relation to this service.

The governing body adopted the AoC's Senior Staff Remuneration Code at the 25 July 2020 meeting and assesses pay in line with its principles. The remuneration package for Key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking data to provide objective guidance. This data includes sector comparisons taking into account responsibilities, turnover and geography. The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of their performance taking into account the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal/Chief Executive pay and remuneration expressed as a multiple:

	2022	2021
Principal's and CEO's basic salary as a multiple of the median of all staff	4.5	5.4
Principal and CEO's total remuneration as a multiple of the median of all staff	7.7	5.9

The ratio has been calculated by calculating the basic salary and total remuneration, including lieu of notice of the two (2021 one) Principal and CEO for the time they held this post. Excluding pay in lieu of notice, the total remuneration as a multiple of the median of all staff ratio is 4.7 (2021: 5.9). The median pay excludes agency and casual workers and is based on July salary costs.

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

	<b>Year ended 31 July</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Compensation paid to former key management personnel	27	-
Estimated value of other benefits, including provisions for pension benefits	-	-
	<b>27</b>	<b>-</b>
	<b>27</b>	<b>-</b>

The members of the Corporation other than the Accounting Officer and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

**10 Other operating expenses**

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Teaching departments	2,611	2,370	2,637	2,482
Teaching support services	1,334	1,334	1,341	1,341
Other support services	95	95	128	128
Administration and central services	1,418	1,399	1,002	1,045
General education (Examinations and marketing)	1,532	1,503	1,205	1,203
Premises costs - running costs	2,128	2,128	1,815	1,815
Premises costs - maintenance	805	805	635	635
Premises costs - rents and leases	271	265	101	93
CDC Grant spend	179	179	410	410
Catering and residence operations	414	414	345	345
Franchised provision	1,830	3,056	2,115	3,128
Other expenses	3	45	14	38
	<b>12,620</b>	<b>13,593</b>	<b>11,748</b>	<b>12,663</b>
	<b>12,620</b>	<b>13,593</b>	<b>11,748</b>	<b>12,663</b>

Other operating expenses include:

Operating leases (buildings and equipment)	205	203	218	215
Auditors remuneration				
Financial statements audit	31	31	53	44
Other services	1	1	1	1
Total auditors remuneration	<b>32</b>	<b>32</b>	<b>54</b>	<b>45</b>
	<b>32</b>	<b>32</b>	<b>54</b>	<b>45</b>



**11 Interest payable - Group and College**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
On bank loans, overdrafts and other loans	710	710	828	828
On finance leases	26	26	18	18
<b>Other interest payable:</b>				
Pension finance costs	742	742	788	788
	<b>1,478</b>	<b>1,478</b>	<b>1,634</b>	<b>1,634</b>

**12 Taxation - Group only**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
United Kingdom corporation tax at 19%	-	-	-	-
Total	-	-	-	-

The members do not believe that the College was liable for any Corporation tax arising out of its activities in the year.

**13 Deficit on continuing operations for the year**

	Year ended 31 July	
	2022	2021
	£'000	£'000
College's deficit for the year	2,699	5,160
Profits made by subsidiary undertakings	(323)	(400)
	<b>2,376</b>	<b>4,760</b>

## 14 Tangible fixed assets

Group	Land and buildings			Assets in the	Total
	Leasehold	Freehold	Equipment	Course of Construction	
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	47,484	50,188	13,557	8,800	120,029
Additions	-	-	865	1,174	2,039
Transfer	8,865	22	381	(9,268)	-
Disposals	-	(12,908)	(183)	-	(13,091)
Impairment	-	-	-	(109)	(109)
<b>At 31 July 2022</b>	<b>56,349</b>	<b>37,302</b>	<b>14,620</b>	<b>597</b>	<b>108,868</b>
<b>Accumulated depreciation</b>					
At 1 August 2021	16,792	21,831	11,972	-	50,595
Charge for the year	1,390	1,220	1,055	-	3,665
Elimination in respect of disposals	-	(7,437)	(161)	-	(7,598)
<b>At 31 July 2022</b>	<b>18,182</b>	<b>15,614</b>	<b>12,866</b>	<b>-</b>	<b>46,662</b>
<b>Net book value at 31 July 2022</b>	<b>38,167</b>	<b>21,688</b>	<b>1,754</b>	<b>597</b>	<b>62,206</b>
<b>Net book value at 31 July 2021</b>	<b>30,692</b>	<b>28,357</b>	<b>1,585</b>	<b>8,800</b>	<b>69,434</b>

**Prior year adjustment**

Certain of the properties previously shown as freehold are in fact long leasehold properties subject to 999 year leases. These properties are now correctly shown as long leasehold properties.

#### 14 Tangible fixed assets (continued)

College	Land and buildings			Assets in the course of construction	Total
	Leasehold	Freehold	Equipment		
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2021	47,484	50,165	13,553	8,800	120,002
Additions	-	-	864	1,174	2,038
Transfer	8,865	22	381	(9,268)	-
Disposals	-	(12,908)	(183)	-	(13,091)
Impairment	-	-	-	(109)	(109)
<b>At 31 July 2022</b>	<b>56,349</b>	<b>37,279</b>	<b>14,615</b>	<b>597</b>	<b>108,840</b>
<b>Accumulated depreciation</b>					
At 1 August 2021	16,792	21,829	11,972	-	50,594
Charge for the year	1,390	1,217	1,055	-	3,662
Elimination in respect of disposals	-	(7,437)	(162)	-	(7,599)
<b>At 31 July 2022</b>	<b>18,182</b>	<b>15,609</b>	<b>12,865</b>	<b>-</b>	<b>46,656</b>
<b>Net book value at 31 July 2022</b>	<b>38,167</b>	<b>21,670</b>	<b>1,750</b>	<b>597</b>	<b>62,184</b>
<b>Net book value at 31 July 2021</b>	<b>30,692</b>	<b>28,336</b>	<b>1,581</b>	<b>8,800</b>	<b>69,409</b>

The net book value of equipment in both the Group and College tables includes £793k (2021 - £528k) in respect of assets held under finance leases. The depreciation charge for the year for these assets was £439k (2021 - £282k).

As part of the College's estates strategy to move its construction provision from its Ashley Down campus to South Bristol, the College exchanged contracts for the sale of Davey House in March 2021. Davey House is one of two buildings on the Ashley Down campus, and provision will continue in the remaining building, Cabot House. Under the contract, deposits and prepayments of £1.1m were received during FY21, however formal completion and exchange of title did not pass to the buyer until September 22 when the balance of sale proceeds were received. As at 31 July 2022 the College had fully vacated and mothballed the asset, and therefore has disposed of the asset in the FY22 accounts. Final sales proceeds of £4.76m are recorded within other debtors.

#### Prior year adjustment

Certain of the properties previously shown as freehold are in fact long leasehold properties subject to 999 year leases. These properties are now correctly shown as long leasehold properties.

## 15 Intangible fixed assets

<b>Group and College</b>	<b>Software Licenses £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>		
At 1 August 2021	373	373
Additions	-	-
Transfer	-	-
Disposals	-	-
<b>At 31 July 2022</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>		
At 1 August 2021	333	333
Charge for the year	-	-
Elimination in respect of disposals	-	-
<b>At 31 July 2022</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 July 2022</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 July 2021</b>	<b>40</b>	<b>40</b>

## 16 Non-current Investments

	<b>Year ended 31 July</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Investments in subsidiary companies	3	3

The College owns 100 per cent of the issued ordinary shares of South West Apprenticeship College Limited, Partners in Bristol Limited, and Bristol Professional Services Limited (formerly SBLN Limited). All companies are incorporated in England and Wales. The principle business activity of South West Apprenticeship College Limited is the provision of apprenticeship training. The principle activity of Partners in Bristol Limited is that of a training provider. Bristol Professional Services Limited provides professional staff services.

## 17 Debtors

	<b>Year ended 31 July</b>		<b>Year ended 31 July</b>	
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Group £'000</b>	<b>College £'000</b>	<b>Group £'000</b>	<b>College £'000</b>
Amounts falling due within one year:				
Trade debtors	629	545	580	537
Amounts owed by group undertakings	-	204	-	229
Other debtors	5,745	5,711	869	854
Prepayments and accrued income	578	578	835	834
Amounts owed by funding bodies	-	-	4	4
<b>Total</b>	<b>6,952</b>	<b>7,038</b>	<b>2,288</b>	<b>2,458</b>

**18 Creditors: amounts falling due within one year**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	680	680	680	680
Obligations under finance leases	300	300	214	214
Payments received on account	85	72	87	66
Trade creditors	1,577	1,557	1,356	1,330
Amounts owed to group undertakings	-	637	-	527
Corporation tax	-	-	-	-
Other taxation and social security	913	868	428	405
Holiday pay Accrual	647	638	658	652
Other Accruals	1,881	1,806	1,478	1,285
Loans from Government	944	944	1,180	1,180
Deferred income - government capital grants	791	791	766	766
Amounts owed to funding bodies	584	584	-	-
Other creditors	1,258	1,241	1,003	1,000
<b>Total</b>	<b>9,660</b>	<b>10,118</b>	<b>7,850</b>	<b>8,105</b>

**19 Creditors: amounts falling due after one year**

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans	7,990	7,990	8,670	8,670
Obligations under finance leases	629	629	312	312
Loans from Government	3,838	3,838	4,782	4,782
Other Creditors	-	-	1,111	1,111
Deferred income - government capital grants	19,290	19,290	21,404	21,404
<b>Total</b>	<b>31,747</b>	<b>31,747</b>	<b>36,279</b>	<b>36,279</b>

## 20 Maturity of debt

### a) Bank loans and overdrafts

Loans and overdrafts are repayable as follows:

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	1,624	1,624	1,860	1,860
Between one and two years	1,388	1,388	1,624	1,624
Between two and five years	4,164	4,164	4,872	4,872
In five years or more	6,276	6,276	6,956	6,956
<b>Total</b>	<b>13,452</b>	<b>13,452</b>	<b>15,312</b>	<b>15,312</b>

A 25 year commercial loan of £17 million was taken in 2010, repayable in instalments by 2035. The rate on this loan is 7.1%. In 2020 the College restructured its remaining debt of £8.949 million with the Department for Business Innovation and Skills and is payable to the government over a period of 10 years. Interest is accruing at a rate of 2.15%.

### b) Finance leases

The net finance lease obligations to which the institution is committed are:

	Year ended 31 July		Year ended 31 July	
	2022	2022	2021	2021
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	300	300	214	214
Between one and five years	629	629	312	312
In five years or more	-	-	-	-
<b>Total</b>	<b>929</b>	<b>929</b>	<b>526</b>	<b>526</b>

Finance lease obligations are secured on the assets to which they relate.

## 21 Provisions

<b>Group and College</b>	<b>Defined benefit obligations</b>	<b>Other Pension obligations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2021	47,165	147	47,312
Net pension scheme movement	(27,537)	-	(27,537)
Expenditure in the period	-	(20)	-
At 31 July 2022	<b>19,628</b>	<b>127</b>	<b>19,755</b>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 26.

The enhanced pension provision relates to the cost of staff who have already left the College's employ 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.

## 22 Cash and cash equivalents

	<b>At 1 August 2021</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>At 31 July 2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	1,149	130	-	1,279
<b>Total</b>	<b>1,149</b>	<b>130</b>	<b>-</b>	<b>1,279</b>

## 23 Revaluation reserve

<b>Group and College</b>	<b>Year ended 31 July</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August</b>		
Transfer from revaluation reserve to income and expenditure account in respect of:		
of:	2,641	3,328
Depreciation on revalued assets	-	(403)
Depreciation on disposal of revalued assets	(7)	(15)
Reversal of previous revaluations	-	(269)
<b>At 31 July</b>	<b>2,634</b>	<b>2,641</b>

## 24 Capital commitments

	<b>Group and College</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Commitments contracted for at 31 July	-	51

At 31 July 2021 the College had £52k remaining to accrue on its contract to construct the Advanced Construction Skills Centre in South Bristol. There were no capital commitments as at 31 July 2022.

## 25 Lease Obligations

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

	<b>Group and College</b>	
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Minimum lease payments falling due</b>		
<b>Land and buildings</b>		
Not later than one year	26	26
Later than one year and not later than five years	53	79
later than five years	-	-
	<u>79</u>	<u>105</u>
<b>Other</b>		
Not later than one year	170	180
Later than one year and not later than five years	253	405
later than five years	-	-
	<u>423</u>	<u>585</u>

## 26 Defined benefit obligations

The Group's employees belong to three principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Bath & North East Somerset Local Government Pension Scheme (LGPS) for non-teaching staff, and a NEST (defined benefit) pension scheme for employees in the subsidiary undertakings.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	2,461	2,285
NEST Pension Scheme: contributions paid	61	11
Local Government Pension Scheme:		
Contributions paid	1,576	1,470
FRS 102 (28) charge	<u>1,955</u>	<u>1,562</u>
Charge to the Statement of Comprehensive Income	3,531	3,032
<b>Total Pension Cost for Year</b>	<u><b>6,053</b></u>	<u><b>5,328</b></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2019 and of the LGPS 31 March 2022.

Contributions amounting to £898k (2021: £396,514) were payable to the schemes on 31 July 2022 and are included in creditors.



## **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2019. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

## **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Bath & North East Somerset Local Authority. The total contribution made for the year ended 31 July 2022 was £2,063,420 (2021: £1,914,552), of which employer's contributions totalled £1,583,107 (2021: £1,474,293) and employees' contributions totalled £480,313 (2021: £440,259). The agreed contribution rates until 31 March 2023 17.3% for employers and range from 5.5% to 12.5% for employees, depending on salary. Employer contributions from 1 April 2023 onwards will be 18.0%.

## **Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2022 by a qualified independent actuary:

	<b>At 31 July 2022</b>	<b>At 31 July 2021</b>
Rate of increase in salaries	4.2%	4.1%
Future pensions increases	2.8%	2.7%
Discount rate for scheme liabilities	3.5%	1.6%
Inflation assumption (CPI)	2.7%	2.6%

### Local Government Pension Scheme (Continued)

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

	<b>At 31 July 2022 years</b>	<b>At 31 July 2021 years</b>
<i>Retiring today</i>		
Males	23.1	23.3
Females	25.3	25.4
<i>Retiring in 20 years</i>		
Males	24.6	24.8
Females	27.3	27.4

Mortality assumptions as at 31 July 2022 have not been updated to reflect the potential effects of COVID-19 on the basis that it is not possible to draw any meaning conclusions on the potential impact of COVID-19 on mortality rates going forwards. This will be monitored in future periods and mortality rates updated as appropriate.

The College's estimated share of the assets in the plan and the expected rates of return were:

	<b>Fair Value at 31 July 2022 £'000</b>	<b>Fair Value at 31 July 2021 £'000</b>
Equities	32,858	33,415
Government Bonds	7,877	7,591
Other Bonds	5,808	6,339
Property	5,808	4,930
Other	239	24,573
Cash	26,971	1,409
<b>Total market value of assets</b>	<b>79,561</b>	<b>78,257</b>
<b>Estimated return on plan assets</b>	<b>1,773</b>	<b>10,366</b>

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

	<b>2022 £'000</b>	<b>2021 £'000</b>
Fair value of plan assets	79,561	78,257
Present value of plan liabilities	(99,171)	(125,399)
Present value of unfunded liabilities	(18)	(23)
<b>Net pensions liability (Note 21)</b>	<b>(19,628)</b>	<b>(47,165)</b>

**Local Government Pension Scheme (Continued)**

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	3,536	2,989
Past service cost	-	-
Curtailments	66	-
<b>Total</b>	<b><u>3,602</u></b>	<b><u>2,989</u></b>

**Amounts included in investment income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net interest expense	742	788
	<b><u>742</u></b>	<b><u>788</u></b>

**Amounts recognised in Other Comprehensive Income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Return on pension plan assets	524	9,274
Experience gains arising on defined benefit obligations	(8,104)	2,502
Changes in assumptions underlying the present value of plan liabilities	37,814	(6,551)
<b>Amount recognised in Other Comprehensive Income</b>	<b><u>30,234</u></b>	<b><u>5,225</u></b>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Surplus/(deficit) in scheme at 1 August	(47,165)	(50,040)
Movement in year:		
Current service cost	(3,489)	(2,989)
Past service cost	-	-
Employer contributions	1,647	1,470
Administrative expenses	(47)	(43)
Curtailments	(66)	-
Net interest on the defined liability	(742)	(788)
Actuarial gain or loss	30,234	5,225
<b>Net defined benefit liability as at 31 July</b>	<b><u>(19,628)</u></b>	<b><u>(47,165)</u></b>

**Local Government Pension Scheme (Continued)**

**Asset and Liability Reconciliation**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	125,422	118,546
Current Service cost	3,489	2,989
Past Service cost	-	-
Interest cost	1,991	1,880
Contributions by Scheme participants	486	441
Experience gains and losses on defined benefit obligations	8,104	(2,502)
Changes in financial assumptions	(37,814)	6,551
Benefits paid	(2,555)	(2,483)
Curtailments and settlements	66	-
<b>Defined benefit obligations at end of period</b>	<b><u>99,189</u></b>	<b><u>125,422</u></b>

**Reconciliation of Assets**

<b>Fair value of plan assets at start of period</b>	78,257	68,506
Interest on plan assets	1,249	1,092
Return on plan assets	524	9,274
Administrative expenses	(47)	(43)
Employer contributions	1,647	1,470
Contributions by Scheme participants	486	441
Benefits paid	(2,555)	(2,483)
<b>Assets at end of period</b>	<b><u>79,561</u></b>	<b><u>78,257</u></b>

## 27 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 likely 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 immaterial and are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions and balances between City of Bristol College and its subsidiaries are as follows:

	2022			2021		
	Sales £'000	Purchases £'000	Amounts due from/(to) £'000	Sales £'000	Purchases £'000	Amounts due from/(to) £'000
The South West Apprenticeship Company	-	168	209	-	139	229
Partners in Bristol	-	1,226	(637)	-	1,013	(527)
Bristol Professional Services	-	112	(5)	-	21	-

The total expenses paid to or on behalf of the Governors during the year was £575 paid to two governors; (2021: £Nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2021: None).

## 28 Amounts disbursed as agent

Learner support funds

	2022 £'000	2021 £'000
Funding body grants	828	834
	<u>828</u>	<u>834</u>
Disbursed to students	(766)	(693)
Administration costs	(38)	(34)
	<u>(804)</u>	<u>(727)</u>
<b>Balance unspent as at 31 July, included in creditors</b>	<u>24</u>	<u>107</u>

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.

## **29 Events after the reporting period**

On 30 November 2022 the Office for National Statistics (ONS) reclassified all college corporations as public sector institutions, and this prompted the Department for Education (DfE) to introduce some new rules for colleges which will take effect during 2023.

To support and protect colleges, the DfE will be:

- Investing £300m of payments before the end of the 2022-23 financial year to:
  - eliminate the current deficit in funding; and
  - move to a profile of funding which better matches need, recognising the challenging environment the sector faces.
- Providing an additional £150m of capital grant funding in 2023-24 to support and protect colleges planning to invest in their infrastructure and estate where previously they would have borrowed from commercial lenders
- Allowing colleges to retain flexibility on using surpluses and sale of assets ensuring that colleges can continue to invest in their estates, while complying with the managing public money framework
- Committing to work in partnership with the sector to develop the future approach to financial reporting, and a new college handbook