

**New College, Swindon**  
**Annual Report and Financial Statements**  
**Year ended 31<sup>st</sup> July 2021**

# **New College, Swindon**

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# New College, Swindon

## Reference and Administrative Details

### Board of Governors

M Wyn Griffith (Chair)  
C Kitching (Principal & Chief Executive)  
S Cove  
J Webster  
J Dernie  
K Vetriko  
T Thurston  
M Lawson  
J Arnott  
P Bhardwaj  
P Boucher  
E Jarman  
K Newman  
D Panes  
R Wheeler

### Clerk/Company Secretary

T Scaife

### Senior management team

C Kitching	-	Principal and Chief Executive
S Horrobin	-	Deputy Principal (Finance and Resources)
L Plested	-	Vice Principal (HE and Curriculum)
M Prince	-	Interim Vice Principal (Business Development)
P Denham	-	Interim Vice Principal (Curriculum, Development & Quality).

### Principal and Registered Office

Queen's Drive Campus, New College Drive, Swindon

### Professional advisors

External auditors	Mazars LLP, Bristol
Solicitors	Withy King LLP, Swindon
Bankers	Barclays Bank Plc, Swindon

## Strategic report

### OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the financial statements and auditor's report for New College, Swindon for the year ended 31<sup>st</sup> July 2021.

#### Legal status

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

On 17<sup>th</sup> August 2020, the College underwent a Type B merger with Swindon College, where the Corporation of Swindon College dissolved and the Corporation of New College took ownership of both the former's assets and liabilities. Five of the Governors from Swindon College were appointed to the New College Swindon Board and a new Chair was appointed who had no history with either Corporation.

#### Mission and Objectives

Following the merger, the Board of Governors undertook a full review of the College's Purpose (Mission) and Strategy. In light of the fact that the College was in its first post-merger year, strategic objectives were grouped under two headings;

- 2021-23, immediate priorities to provide a firm foundation for further development, and
- 2021-26, longer term objectives.

The College's Purpose is:

*Better Lives Through Learning*

The College's seven strategic themes are:

- One Great teaching, learning and progression
- Two An innovative, relevant and responsive curriculum
- Three Great digital and physical learning environments
- Four Meeting employers 'and customers' needs
- Five At the heart of our community
- Six Financial sustainability enabling re-investment
- Seven A great place to work

#### Financial plan

The College governors approved a financial plan in July 2021 which sets objectives for the period to 2022. The College aims to maintain its health rating of 'Good' and achieve a small deficit in the year to 31<sup>st</sup> July 2022.

The Governors' primary financial objective is to ensure that the College remains financially sound and achieves outstanding or good financial health as per the Education and Skills Funding Agency (ESFA) guidance.

## **Resources**

- **People:**  
During the year, the monthly average number of staff engaged by the College (which includes casual and hourly paid staff) was 999, of which 520 were teaching and delivery related staff.
- **Students:**  
The College's student population includes 4,570 16-18 year-old students, 9,506 adult learners and 1,237 higher education students, together with 1,060 apprentices.
- **Assets:**  
The college has £19.0m (2020: £12.0m) of net assets including £27.2m of pension liability (2020: £8.8m) and £1.2m (2020: £nil) of long-term debt. Tangible resources include the two College campuses, including the Department for Education funded Institute of Technology complex, currently under construction and sited at the North Star campus. The College also holds £11.8m (2020: £9.5m) of cash which, in part, it plans to use for further capital investment in the main College sites.
- **Reputation:**  
The College has a good reputation locally. In its last Ofsted inspection in 2018, it was rated "Good" with outstanding features in a number of areas.

## **Sources of income**

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21, the ESFA provided 71% of the College's total income.

## **Treasury policies and objectives**

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. All borrowing requires the authorisation of the Corporation.

The College has no plans to increase borrowings and is confident that the loan taken out in 2020/21 will be repaid in line with the scheduled repayment plan.

## **Performance indicators**

The College is committed to observing the importance of sector measures and indicators and uses relevant websites and data sources such as National Achievement Rate Tables, Department for Education (DfE) Performance tables, Mides Reports, RCU Vector and student feedback mechanisms such as FE Choices. The last year for which nationally recognised data was published was 2018/19. Under the changes brought about through Covid-19 there is not nationally published data for 2019/20 or 2020/21.

The College is required to complete the College Financial Forecasting Return (CFFR) for the ESFA.

The Corporation monitors the College's Key Performance Indicators through the Principal's Report.

## **Reserves**

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

## **Stakeholders**

The College has excellent relationships with a wide range of stakeholders. These are essential to ensure we can offer our student body the widest range of opportunities and progression routes. These include:

- Our current, future and past students
- Our staff and their trade unions (mainly University & College Union and Unison)
- Our funding bodies - the ESFA, Office for Students (OfS), Greater London Authority (GLA) and West of England Combined Authority (WECA)
- Our regulatory bodies
- Employers
- Employer Representative Bodies (ERBs) - e.g. Business West, Thames Valley Chamber of Commerce.
- Swindon Borough Council, and other Local authorities
- The Swindon and Wiltshire LEP (SWLEP)
- Partner Universities (namely Oxford Brookes University, Bath Spa University & University of Gloucester)
- Local schools
- Community and voluntary organisations
- National good practice networks for staff

The College plays a strong strategic role in the wider community. This includes; the Principal being a SWLEP Board Director and Chair of the SWLEP Skills & Talent Subgroup; the Principal and other College staff sitting on key local Boards (such as the Towns' Fund Board, Cultural Quarter Development Board and the Education Strategy Board).

### **Public benefit**

New 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 15 to 17. 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.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to approximately 16,400 students, including 216 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The College adjusts its courses to meet the needs of local employers and provides training to 1,060 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

## **DEVELOPMENTS AND PERFORMANCE**

### **Merger**

The achievement of the merger with Swindon College in the year has focused on achieving a number of benefits to improve prospects for all our stakeholders. These were shared in the Public Consultation document (April 2020).

Overall:

- Realise the educational potential of communities, meeting their educational and economic needs.
- Increase educational opportunity for all, helping raise aspirations and achieve goals.
- Promote parity of esteem and excellence across academic, vocational, technical and professional learning.
- Ensure long-term financial security so the college can achieve ambitious future development plans and enrich its curriculum offer.
- Drive up quality in curriculum development, teaching and support services.

- Continue rapid quality improvement in areas identified in Swindon College's inspection.
- Support our people and seek to become a great place to work, teach and learn.
- Provide industry-standard training facilities and training in close partnership with employers.
- Support businesses and communities in the region offering increased opportunities for apprenticeships, HE courses and commercial training.
- Invest and develop our provision in future priority sectors such as: engineering, high-value manufacturing, energy, sustainability, cyber, digi-tech, health and life sciences, tourism and financial services.
- Enable successful progression, balancing learner career aspirations and local economic needs, to:
  - HE, including to prestigious universities
  - meaningful long-term employment / careers
  - high quality training and CPD
- Develop a local, flexible and high quality HE offer focused on employability and using the IoT as a catalyst to further growth.

A restructure of senior and middle management posts in curriculum and student services took place in December 2020. Further restructures of student services staff, including "wellbeing", "support and safeguarding", took place in order to balance the entitlement to access by learners across both campuses. In July 2021 the Curriculum Administration team was restructured to ensure consistency of support for curriculum teams across both college sites.

### **Covid-19**

The continued requirement for remote delivery, as a whole College under some of the lockdowns, and in part during others, required a continued IT investment throughout the year. Covid-19 continued to have a significant impact on key priorities for the year. The College remained physically open for small numbers of vulnerable young people and children of key workers as per government guidelines. Student engagement remained high until the end of the summer term despite the cancellation of public exams. The impact on teaching, support and management staff as a result of the introduction of Teacher Assessed Grades and their accompanying quality assurance was significant in terms of workload.

Apprenticeships, employer facing work, student work placements and adult leisure classes were negatively impacted as recruitment to vacancies ended abruptly and a number of apprentices were furloughed. This impacted on achievement of budgeted income in the last 5 months of the year and will continue to impact into 2021/22. The College made limited use of the furlough scheme.

### **Curriculum developments**

The key College curriculum priority in 2020/21 was to ensure that all learners received their full entitlement to teaching, learning and assessment under Covid-19. Significant effort was made by the College to ensure that learners were able to access their classes remotely while the introduction of an A/B timetable model ensured that all learners were able to be in college when restrictions allowed for at least 50% of their scheduled classes. All classes were live streamed and sessions were recorded so that learners could access them at will. Planning for the relocation of the curriculum post-merger was put in place with Creative Industries, Health & Social Care and Early Years moving to Queens Drive, Business, IT and Travel & Tourism moving to North Star at the start of 2021/22. Refurbishment of dedicated spaces on both campuses took place once confirmation of the successful T Level Capital Fund bid was received, to ensure that the College was ready to start teaching on T Levels in Health, Early Years, Laboratory Science and Digital in September 2021. A further application for T Level Capital Development funding has been submitted to the DfE for the development of a Finance Zone at North Star. Additional programmes in e-Sports and Animal Management were planned for 2021.

New apprenticeship standards have been developed to replace the apprenticeship frameworks which were withdrawn by the government on 1<sup>st</sup> July 2020. These are for Early Years at Level 2 and 3, Teaching Assistants at Level 3 and a new combined Level 2/3 Business Administration apprenticeship programme. A Software Tester Level 4 programme has been developed and implemented and further IT provision is in development for Data Analyst and Cyber Security routes.

### **Capital Developments**

During the year the College spent £5.7m on tangible fixed asset additions, including £4.0m on the new Institute of Technology complex, which is still under construction. The remaining expenditure was split between land and buildings (£0.6m) and equipment purchased (£1.1m).

### **Institute of Technology**

The IoT construction works of c£13.0m commenced in November 2020, and is still ongoing with an expected completion date of March 2022.

### **T Levels**

The College was successful in its £1.7m capital bid to transform training facilities under the Wave 2 round of ESFA investment. These works were started in the summer of 2021, and were completed in September 2021.

### **Capital income**

The College received £1.5m under the government's Further Education Capital Allocation (or FECA) scheme. The College invested these monies in some essential repairs/improvements on both campuses.

### **Student numbers**

In 2020/21, the College delivered activity that has produced £28.0m in funding body main allocation funding (2019/20: £15.6m). The College has approximately 12,890 funded students within its 16,400 student enrolments.

### **Student achievements**

In 2020/21 overall achievement for 16-18 and 19+ year olds was 80% with pass rates at 88%. Our directly delivered apprenticeship provision has struggled to maintain its high performance under Covid-19, including restrictions with the availability of End Point Assessments nationally, and is currently reporting 59% achievement against the last nationally published average of 64%. (NA – National Average). The College's focus for continuous improvement is to improve retention and student grade profile as a vehicle to raise internal and external progression while maintaining high levels of achievement.

New College GCSE English achievement for 16-18 was 84.9% with 48% (NA 25.3%) achieving grades 9-4 (A\*-C); for the 19+ age group achievement was 75.9% with 64.1% (NA 46.1%) 9-4 grades. In Maths 16-18 achievement was 84.2% with 35% (NA 17.0%) 9-4 grades; for the 19+ age group achievement was 75.4% with 57.8% (NA 37.9%) 9-4 grades.

A high percentage of students moved into employment, further or higher education after they completed college.

### **Financial Results**

The College generated a deficit before other gains/losses of £3.1m (2020: deficit of £1.1m) during the year. All income and expenditure has increased in comparison to the previous year, as a result of the Type B merger. In addition, the College has seen an increase in its FRS102 generated pension charges of £1.5m.

Staff cost is the College's highest item of expenditure, at £25.5m. Compared to the previous year, this cost has increased as a result of merger and the relevant FRS102 adjustment. Also,

the College has undergone several staffing reviews during the year, which has led to a number of posts being removed, but this has created a further increase to in-year costs of £0.6k - as a result of restructuring payments. But this effort will lead to savings in pay costs for future years.

### **Cash flows and liquidity**

The College's cash flow from operating activities was £1.9m (2020: £1.2m), with an overall cash increase of £2.3m (2020: £1.6m). This has led to an increase in the cash reserves balance to £11.8m.

During the year the College repaid the legacy Swindon College bank loan of £1.96m, but took out a new unsecured loan of £1.25m.

### **Reserves**

As at the balance sheet date, the College's reserves include £nil (2020: £nil) held as restricted reserves, £17.9m (2020: £11.2m) of unrestricted reserves and £0.8m (2020: £nil) of revaluation reserve. The College wishes to continue to accumulate reserves and cash balances in order to both create a contingency fund to meet future capital requirements and to provide financial resilience.

### **Payment performance**

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021, the College paid 61.3% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## **FUTURE PROSPECTS**

### **Institute of Technology**

Funded by the DfE, the College is investing c£18m in building refurbishment and specialist equipment spend. The project will complete in spring 2022. IoT courses started in September 2021, hosted temporarily in other facilities at the North Star campus whilst the building works are completed.

The University of Gloucester is the main HE anchor partner but also supported by Oxford Brookes University. This is an employer-led initiative and a wide range of employers have been instrumental in shaping the curriculum offer that will focus on Level 4, 5 and 6, a mix of apprenticeships and stand-alone higher education and degree programmes. The core focus is on STEM, but also includes Health-related courses as well as management. The IoT has also secured just over £0.5m funding to deliver a pilot of short courses in higher level technical skills for existing employees from local companies, which attracted national attention from BBC and the Minister for Further Education and Higher Education, Michelle Donelan.

### **T Levels**

The College has prepared for the delivery of T Levels in four pathways in September 2021. Following the merger, much of the curriculum was relocated in order to provide adequate space and resourcing. Capital bids totalling £1.7m were submitted to the ESFA, part match funded by the College, via the Buildings and facilities improvement grant (BFIG) and the Specialist Equipment Allocation (SEA). The funds were used to construct within the pre-existing College estate a fully equipped hospital ward, nursery and bio-medical laboratory at Queens Drive and a cyber-lab at North Star. Plans are in place for the addition in 2022 of a Finance and Administration pathway with additional programmes in the pipeline for 2023. A capital bid of £0.4m has been submitted to develop the Finance Zone.

## **Covid-19**

The College maintained effective health and safety protocols supported by Public Health England and Swindon Borough Council throughout the year and permutations of lockdowns. Teaching and learning continued through a combination of face to face and online delivery. The College operated a highly effective A/B timetable in 20/21 which resulted in very few students and members of staff being obliged to self-isolate. Infection rates compared to many other comparable institutions were low but a significant amount of activity which would be expected to occur in a normal year did not take place.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

The main risk factors affecting the College are outlined below along with the action taken to minimise them. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

- **Financial sustainability**

Similar to other FE Institutions, the College relies on continued government funding, primarily through the Education and the Skills Funding Agency. In 2021, 71% of College revenue came from publicly funded sources (2020: 69%) and although the College is actively working to reduce this reliance, and increase income from other sources, this high level of requirement is expected to continue in the immediate future. The College continues to have regular dialogue with the Education and the Skills Funding Agency in relation to this.

The College is aware of the pressure on DfE funding. More locally, the College faces increased competition in Swindon and beyond, due to new school and academy sixth forms/technical colleges.

These risks are mitigated in a number of ways:

- Committing to the delivery of high quality education and training the College operates robust financial controls aimed at maintaining its ESFA financial health rating of 'Good'.
- Maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Ensuring the College maintains its adequate cash reserves.
- Reducing reliance on government funding.
- Close monitoring of government policies and funding agencies agenda.
- Engaging with key stakeholders on the Swindon LEP and IoT Group.
- Reviewing local and national market opportunities and implementing an approach to Apprenticeships that accounts for changes in market demand and in ESFA rules.

- Ensuring a comprehensive and coherent curriculum offer of high quality courses from Level 1 and 2 to Higher Education courses.
- Maintaining and improving the quality of all courses with a clear focus on a College Achievement Rate target of over 88%.
- Identifying opportunities for growth in Adult Learner Loans and learning from best practice which exists elsewhere, including the development of higher level professional and technical courses.
- Adapting the approach to AEB delivery to accommodate the devolution of adult funding.

- **Safeguarding**

Potential failure of safeguarding procedures is a fundamental risk for all colleges.

This risk is mitigated in a number of ways:

- The College has robust and comprehensive policies and procedures in place, all linked to national guidelines. The policy is updated annually to reflect changes to the government guidelines.
- There is a team of dedicated trained safeguarding officers, with training rolled out to all staff and governors.
- The College Head of Safeguarding is a member of appropriate professional bodies (including the Swindon Safeguarding Partnership, Swindon Prevent Board and Swindon & Wiltshire Strategic Contest Board), and the College has strong working relationship with other appropriate partners.
- The College has recognised safeguarding software, 'My Concern' for referrals, monitoring and reporting.
- Ofsted comments that Safeguarding at New College is 'robust and rigorous'.

- **Quality**

The College places the highest priority on ensuring quality provision in all its curriculum areas and maintains a clear focus on monitoring performance at course level against national averages and three year trends.

Quality assurance processes include:

- Predicted Achievement Rate (PAR) cycle with year to date, three year trend information and forecasts of achievement rates in year.
- Progress Review Boards aligned to the PAR cycle to identify programmes and individual students who are at risk of not achieving or of not meeting their expected target grades.
- Work Based Learning Reviews (WBL) to monitor the performance of apprenticeship provision.
- Quarterly Faculty Performance Reviews (QFPRs) to monitor quality of Teaching, Learning and Assessment (TLA), including Achievement Rate (AR), retention, progression and financial performance at faculty level.
- Quality intervention on underperforming courses and focus on Value Added.
- College-wide Quality cycle with a well-established process of Self-Assessment.
- Reviews and Quality Improvement Plans to support, monitor and intervene where required.
- Robust process for logging, tracking and monitoring of complaints and concerns in order to respond to feedback and make improvements where identified.

- **Pensions**

The College has fully implemented the provisions of FRS 102 in order to account for the Wiltshire County Pension Scheme in accordance with the advice of independent qualified actuaries.

Significant judgments are required in relation to assumptions for future salary increases, inflation, investment returns and member longevity that underpin actuarial valuations. Such judgments and valuations are reviewed by senior management on a regular basis and discussed with governing bodies, including the College's Resource Integration and Change Committee (RICC), which in turn makes recommendations to the Corporation.

The Corporation also considers that the basis of valuation used by FRS 102 relies on an actuarial assessment which is analytically unverifiable and is based on assumptions which in the medium to long term may prove to be unreliable. In this sense, whilst it may give a broad indication, it does not provide an accurate determination of the value of a pension scheme, or of the College's share of liabilities within that scheme.

## **EQUALITY AND DIVERSITY**

### **Equality**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in age, disability, gender-reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry or inequality. This policy is resourced, implemented and monitored on a regular and planned basis. The College's Equality Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all policies and procedures.

The College is a 'Disability Confident' employer and has committed to the principles and objectives of developing this status to the next level. The College welcomes employment applications from disabled persons, and guarantees an interview to any applicant who discloses a disability who meets the essential criteria for the post. Where an existing employee becomes disabled, significant support is given to consider reasonable adjustments at work. The College's policy is to provide training, career development and opportunities for promotion for all employees.

All New College staff undertake Equality, Diversity and Inclusion training with a mandatory update every three years. The College has an Equality, Diversity and Inclusion Strategic Committee whose principle accountability is to identify EDI objectives to develop inclusive opportunities for all.

### **Gender pay gap reporting**

Report to:	Year ending 31 <sup>st</sup> March 2020
Mean gender pay gap	15.89%
Median gender pay gap	11.87%
Mean bonus gender pay gap	No bonuses paid
Median gender bonus gap	No bonuses paid
Proportion of males/females receiving a bonus	No bonuses paid

The proportion of males and females in each quartile of the pay distribution are:

	Males	Females
1 - Lower quartile	24.49%	75.51%
2 – Lower middle	20.41%	79.59%
3 – Upper middle	27.03%	72.97%
4 – Upper quartile	38.78%	61.22%

The College publishes its annual gender pay gap report on its website.

### **Disability statement**

New College tackles disability discrimination in a positive and practical way that actively promotes opportunities and on-going development for disabled people. The College seeks to achieve the objectives set down in the Equality Act 2010.

New College initiatives aim to raise awareness and promote positive attitudes to disability:

- Student inductions include activities aimed at raising awareness of disability and other aspects of equality and diversity, together with a description of counselling and welfare services and the Complaints and Disciplinary policy.
- Annual diversity and health weeks to promote positive attitudes, celebrate diversity and raise awareness of a range of issues.
- All staff induction procedures embrace our total commitment to promote positive attitudes and awareness towards disability.
- Disability awareness training forms part of the staff development programme for all staff and more specific disability training, for example on mental health and deaf awareness, has been provided.
- Disability Confident employer (Level 2) reaccreditation December 2020, currently exploring/working towards Level 3.
- A range of assistive technology is available for use by students in the learning centres.
- The admissions policy for all students is published. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

### **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.

Numbers of employees who were Trade Union Officials during the relevant period (Apr 20 - Mar 21)	FTE employee number
7	6.19

Percentage of time	Number of employees
0%	0
1-50%	7

51-99%	0
100%	0

Total cost of facility time	£6,977
Total pay bill	£18,577,035
Percentage of total bill spent on facility time	0.0376%

Time spent on paid trade union activities as a percentage of total paid facility time	0%
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### GOING CONCERN

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

This conclusion has been reached after the consideration of the cash balances, cash generation of the College and the historical trading surpluses.

### EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that need to be disclosed.

### DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the 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.

Approved by order of the members of the corporation on 7 DECEMBER 2021..... and signed on its behalf by:



Martin Wyn Griffith  
Chair

# New College, Swindon

## Governance Statement

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<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and financial statements.

### GOVERNANCE CODE

The College endeavours to conduct its business:

1. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
2. In full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the Governors, the College complies with the provisions of the Code, and it has complied throughout the year ended 31<sup>st</sup> July 2021. 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 carrying out its responsibilities, it takes account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 13th October 2015. In March 2019, the Corporation passed a resolution that terms of office for governors generally be restricted to a maximum of two terms of office of four years. The Corporation reserves the right to review all governor re-appointments on a case by case basis with the right to override the recommended maximum term of office where there is a skills shortage or choosing not to reappoint would cause quoracy issues.

### THE CORPORATION

#### Members of the corporation

The members who served on the corporation during the year and up to the date of signature of this report were as listed in the table below (attendance figures relate to attendance at Corporation only - figures given in brackets are for attendance at Corporation plus attendance at relevant committees).

	Date of first appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance in 2020/21
Martin Wyn Griffith	Aug 2020	Aug 2024		Corporation Chair External Governor	Nominations, Remuneration & Governance	100% (100%)
Jim Webster	Mar 2015	Mar 2023		Corporation Vice-chair RIC Chair External Governor	Nominations, Remuneration & Governance Resources, Integration & Change	100% (100%)
Carole Kitching	Jul 2018	n/a		Principal & Chief Executive	Curriculum & Quality	100% (91%)

	Date of first appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance in 2020/21
					Business Development, Employer Engagement & Recruitment Nominations, Remuneration & Governance Resources, Integration & Change	
John Arnott	Feb 2018	Feb 2022		NRG Chair External Governor	Nominations, Remuneration & Governance Resources, Integration & Change	100% (94%)
Pradeep Bhardwaj	Mar 2019	Mar 2023		External Governor	Business Development, Employer Engagement & Recruitment Curriculum & Quality	86% (93%)
Peter Boucher	Mar 2019	Mar 2023		External Governor	Business Development, Employer Engagement & Recruitment	86% (90%)
Simon Cove	Dec 2016	Dec 2024		External Governor	Curriculum & Quality Resources, Integration & Change	100% (88%)
John Dernie	Oct 2015	Oct 2023		External Governor	Audit Resources, Integration & Change	100% (100%)
Emma Jarman	Aug 2020	Aug 2024		C&Q Chair External Governor	Curriculum & Quality	86% (91%)
Monica Lawson	Nov 2018	Nov 2022		Staff Governor	Curriculum & Quality	86% (91%)
Kathy Newman	Jun 2017	Jun 2025		Audit Chair External Governor	Audit	86% (91%)
David Panes	Feb 2020	Feb 2024		Staff Governor	Curriculum & Quality	100% (100%)
Tim Thurston	Jul 2019	Jul 2023		BDEER Chair	Audit	86%

	Date of first appointment	Term of office ends	Date of resignation	Status of appointment	Committees served	Attendance in 2020/21
				External Governor	Business Development, Employer Engagement & Recruitment	(92%)
Keeran Vetriko	Jul 2019	Jul 2023		External Governor	Audit Resources, Integration & Change	86% (63%)
Rob Wheeler	Feb 2020	Feb 2024		IoT Governor	Business Development, Employer Engagement & Recruitment	56% (60%)
Jawad Ahmmed	Nov 2020	Jul 2021	N/A	Student Governor	None	75%
Jessica Bell	Nov 2020	Jul 2021	N/A	Student Governor	None	25%
Dennis Bridges	May 2018	May 2022	Nov 2020	External Governor	Audit	100% (100%)
Charlotte Mannion	Oct 2013	Oct 2021	May 2021	Ex-chair External Governor		100% (89%)
Alexey Smirnov	Oct 2012	Oct 2021	May 2021	External Governor	Audit	100% (36%)

### The governance framework

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets five times per academic year.

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 and Quality; Audit; Resources, Integration and Change; Nominations, Remuneration and Governance; Business Development, Employer Engagement and Recruitment. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website ([newcollege.ac.uk](http://newcollege.ac.uk)) or from the Clerk to the Corporation at the College's registered address.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are provided on an ad hoc basis.

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

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

### **Appointments to the Corporation**

Any new member appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation's Nominations, Remuneration and Governance committee, consisting of four members of the Corporation, is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

### **Corporation performance**

The Corporation has not undertaken a self-assessment of its own performance during the 2020/21 academic year. The Corporation was of the opinion that, as a substantially reformed Board following the merger with Swindon College, it would be more beneficial to undertake its first self-assessment after a longer period of review.

The annual self-assessment of the Corporation will be undertaken via a questionnaire which is circulated to all members of the Board and the Principalship Team for completion. It focuses on the Board's collective performance and covers governance structure, strategic vision and strategy creation, Board behaviour, decision making, responsibilities and adding value. The completed questionnaires are collated and assessed by the Clerk to the Corporation who reports to the Chair of the Corporation. Based on the returns, actions are taken/implemented as appropriate. The Corporation sets itself an attendance target for both the Corporation and the committees which are reported annually to the Board. Corporation performance is also taken into account within the leadership and management judgements of the Common Inspection Framework.

### **Nominations, Remuneration and Governance Committee**

Throughout the year ending 31<sup>st</sup> July 2021, the College's Nominations, Remuneration and Governance Committee comprised of four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal & Chief Executive and the Clerk.

Details of remuneration for the year ended 31<sup>st</sup> July 2021 are set out in note 8 to the financial statements.

### **Audit Committee**

Throughout the year ending 31<sup>st</sup> July 2021, the Audit Committee comprised of five or six members of the Corporation (excluding the Accounting Officer and Chair), including one co-opted member. The Committee operates in accordance with written terms of reference approved by the corporation.

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

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

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

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

The Audit Committee met four times in the year to 31<sup>st</sup> July 2021. The members of the committee and their attendance records are shown below:

<b>Committee member</b>	<b>% Meetings attended</b>
Dennis Bridges	100%
John Dernie	100%
Kathy Newman (Chair)	100%
Andrew Perrot (co-opted)	50%
Alexey Smirnov	100%
Keeran Vetriko	33% (1 out of 3)
Tim Thurston	100%

## **INTERNAL CONTROL**

### **Scope of responsibility**

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between New College, Swindon and the funding bodies. She is also responsible for reporting to the corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is 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 New College, Swindon for the year ended 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period

ending 31<sup>st</sup> July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

### **The risk and control framework**

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

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

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

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

- Framework for compliance with legal regulations – Health and Safety
- Human Resources Controls: recruitment and selection
- Key Financial Controls
- Learner Number Systems, and
- Follow up

### **Statement from the Audit Committee**

The Audit Committee considers the assurance arrangements and risk management framework to be overall adequate and effective, with ongoing improvements identified and actions tracked.

### **Review of effectiveness**

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

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

The Accounting Officer has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit Committee, which oversees the

work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2021 meeting, the Corporation carried out the annual assessment for the year ended 31<sup>st</sup> July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31<sup>st</sup> July 2021.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has adequate and effective assurance arrangements; assurance over subcontracting; a 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".

**Approved by order of the members of the Corporation on 7 December 2021 and signed on its behalf by:**



Martin Wyn Griffith  
Chair



Carole Kitching  
Accounting Officer

# New College, Swindon

## Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the 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 non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



Martin Wyn Griffith  
Chair

Date: 9 DECEMBER 2021



Carole Kitching  
Accounting Officer

Date: 9 DECEMBER 2021

# New College, Swindon

## 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, the Corporation – through its Accounting Officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the Corporation and its surplus / deficit of income over expenditure for that period.

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

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate.
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

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

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on ~~7 December 2021~~ 7 December 2021 and signed on its behalf by:

A handwritten signature in dark ink, appearing to read 'Martin Wyn Griffith', with a long horizontal flourish extending to the right.

Martin Wyn Griffith  
Chair of governors

# **New College, Swindon**

## **Independent auditor's report to the Corporation of New College, Swindon**

### **Opinion**

We have audited the financial statements of New College Swindon (the 'College') for the year ended 31<sup>st</sup> July 2021 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31<sup>st</sup> July 2021 and of the College's surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information contained within the annual report. 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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the Corporation**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OFS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to covid-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations.
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit, and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud.
- Gaining an understanding of the internal controls established to mitigate risks related to fraud.
- Discussing amongst the engagement team the risks of fraud, and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

## **Other required reporting**

### **Opinion on other matters prescribed in the OfS Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions attached to them; and
- the requirements of OfS's accounts direction have been met.

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

We have nothing to report in respect of the following matters in relation to which the OfS Audit Code of Practice requires us to report to you if, in our opinion:

- the provider's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated.

### **Use of the audit report**

This report is made solely to the Corporation as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

*Mazars LLP*

**Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
**90 Victoria Street**  
**Bristol**  
**BS1 6DP**

**Date:** 15 December 2021

# New College, Swindon

## Reporting accountant's assurance report on regularity

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

In accordance with the terms of our engagement letter dated [date] 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 New College, Swindon during the period 1<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of New College, Swindon 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 New College, Swindon and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of New College, Swindon and the ESFA for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of New College, Swindon and the reporting accountant**

The Corporation of New College, Swindon 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 which govern them.

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

### **Approach**

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the ESFA/ funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year.
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

### **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<sup>st</sup> August 2020 to 31<sup>st</sup> July 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Mazars LLP*

**Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
**90 Victoria Street**  
**Bristol**  
**BS1 6DP**

**Date:** 15 December 2021

# New College, Swindon

## Statement of Comprehensive Income and Expenditure

	Note	2021 £'000	2020 £'000
<b>INCOME</b>			
Funding body grants	2	29,664	16,926
Tuition fees and education contracts	3	11,286	7,100
Other grants and contracts	4	114	-
Other income	5	259	272
Investment income	6	12	17
Donations and Endowments	7	126	46
<b>Total income</b>		<b>41,461</b>	<b>24,361</b>
<b>EXPENDITURE</b>			
Staff costs	8	25,524	14,468
Other operating expenses	9	16,332	9,895
Depreciation	12	2,362	924
Interest and other finance costs	10	330	142
<b>Total expenditure</b>		<b>44,548</b>	<b>25,429</b>
<b>Deficit before tax</b>		<b>(3,087)</b>	<b>(1,068)</b>
Taxation	11	-	-
<b>Deficit for the year</b>		<b>(3,087)</b>	<b>(1,068)</b>
Net assets on business combination	25	13,753	-
Actuarial gain in respect of enhanced pensions	17	50	-
Actuarial loss in respect of pensions scheme	22	(3,975)	(1,499)
<b>Total Comprehensive Income for the year</b>		<b>6,741</b>	<b>(2,567)</b>

All items of income and expenditure relate to continuing activities.

# New College, Swindon

## Statement of Changes in Reserves

	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
<b>Balance at 1<sup>st</sup> August 2019</b>	<b>13,747</b>	<b>812</b>	<b>14,559</b>
Deficit from the income and expenditure account	(1,068)	-	(1,068)
Other comprehensive expenditure	(1,499)	-	(1,499)
Total comprehensive income for the year	(2,568)	-	(2,568)
<b>Balance at 31<sup>st</sup> July 2020</b>	<b>11,179</b>	<b>812</b>	<b>11,991</b>
Net assets on business combination	13,753	-	12,801
Deficit from the income and expenditure account	(3,087)	-	(3,087)
Other comprehensive expenditure	(3,925)	-	(2,973)
Total comprehensive income for the year	6,741	-	6,741
<b>Balance at 31<sup>st</sup> July 2021</b>	<b>17,920</b>	<b>812</b>	<b>18,732</b>

# New College, Swindon

## Balance sheet as at 31<sup>st</sup> July

	Notes	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Tangible Fixed assets	12	56,307	17,539
		<b>56,307</b>	<b>17,539</b>
<b>Current assets</b>			
Trade and other receivables	13	1,094	523
Cash and cash equivalents		11,795	9,526
		<b>12,889</b>	<b>10,049</b>
<b>Creditors – amounts falling due within one year</b>	14	(7,815)	(4,142)
		<b>5,074</b>	<b>5,907</b>
<b>Total assets less current liabilities</b>		<b>61,381</b>	<b>23,446</b>
Creditors – amounts falling due after more than one	15	(14,751)	(2,617)
<b>Provisions</b>			
Defined benefit obligations	17	(27,246)	(8,838)
Other provisions	17	(652)	-
<b>Total net assets</b>		<b>18,732</b>	<b>11,991</b>
<b>Reserves</b>			
Income and expenditure account		17,920	11,179
Revaluation reserve		812	812
<b>Total reserves</b>		<b>18,732</b>	<b>11,991</b>

The financial statements on pages 31 to 55 were approved and authorised for issue by the Corporation on ~~7 DECEMBER 2021~~ 7 DECEMBER 2021 and were signed on its behalf on that date by:

Martin Wyn Griffith  
Chair

Carole Kitching  
Accounting Officer

# New College, Swindon

## Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
<b>Cash flow from operating activities</b>			
Surplus/(Deficit) for the year		(3,087)	(1,068)
<b>Adjustment for non-cash items</b>			
Depreciation		2,362	924
Deferred capital grants released to income		(377)	(89)
(Increase)/decrease in debtors		115	43
Increase/(decrease) in creditors due within one year		544	332
Increase/(decrease) in creditors due after one year		-	-
Increase/(decrease) in provisions		(223)	-
Pensions costs less contributions payable		2,256	1,085
<b>Adjustment for investing or financing activities</b>			
Investment income		(12)	(17)
Interest payable		330	-
<b>Net cash flow from operating activities</b>		<b>1,908</b>	<b>1,212</b>
<b>Cash flows from investing activities</b>			
Business combination cash		1,629	-
Investment income		12	17
Withdrawal of deposits		-	897
Capital grant receipts		4,983	-
Payments made to acquire fixed assets		(5,715)	(489)
		<b>909</b>	<b>426</b>
<b>Cash flows from financing activities</b>			
Interest paid		(22)	-
New unsecured loans		1,563	-
Repayments of amounts borrowed		(2,068)	-
Capital element of finance lease rental payments		(21)	-
		<b>(548)</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>		<b>2,269</b>	<b>1,639</b>
Cash and cash equivalents at beginning of the year	18	9,526	7,887
Cash and cash equivalents at end of the year	18	11,795	9,526

# New College, Swindon

## Notes to the Accounts

### 1. Statement of accounting policies and estimation techniques

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 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the use of valuations as deemed cost for certain non-current assets at certain transition points.

#### **Going concern**

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

The College currently has £1.1m of loan outstanding with the bank, on terms negotiated in 2020. The loan is unsecured and repayable over a further 4 years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and its covenants for the foreseeable future.

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

#### **Recognition of income**

##### *Revenue grant funding*

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 depends on the particular income stream involved. 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 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

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

Grants (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.

#### *Capital grant funding*

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

#### *Fee income*

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.

#### *Investment income*

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

### **Agency arrangements**

The College acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### **Accounting for post-employment benefits**

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

#### *Teachers' Pension Scheme (TPS)*

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

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

#### *Wiltshire Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency

to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

### **Short term Employment benefits**

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

### **Termination benefits**

Termination benefits are accrued for at the date the obligation is reasonably expected to materialise.

### **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 in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

### **Land and buildings**

Freehold buildings are depreciated on a straight-line basis over their expected useful lives of 50 years. Freehold land is not depreciated as it is considered to have an infinite useful life.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1993, as deemed cost, but not to adopt a policy of revaluations of these properties in the future.

### *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<sup>st</sup> July. They are not depreciated until they are brought into use.

### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

### **Equipment**

Equipment costing less than £1,500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- |                                    |          |
|------------------------------------|----------|
| • technical equipment              | 4 years  |
| • motor vehicles                   | 4 years  |
| • computer equipment               | 5 years  |
| • furniture, fixtures and fittings | 10 years |

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

### **Borrowing costs**

Borrowing costs are recognised as expenditure in the period in which they are incurred.

### **Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term.

### **Cash and cash equivalents**

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

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

### **Financial liabilities and equity**

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

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

### **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 period with all resulting exchange differences being taken to income 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 sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

### **Provisions and contingent liabilities**

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

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.

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

#### *Judgements in applying accounting policies*

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 College's tangible assets. 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.

*Other key sources of estimation uncertainty*

- 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.
- 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 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31<sup>st</sup> March 2019 to value the pensions liability at 31<sup>st</sup> July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2 Funding body grants

	2021 £'000	2020 £'000
<b>Recurrent grants</b>		
Education and Skills Funding Agency – 16 -18	20,845	12,917
Education and Skills Funding Agency – adult education	5,397	2,433
Education and Skills Funding Agency – apprenticeships	1,560	258
Office for students	119	471
<b>Specific grants</b>		
Education and Skills Funding Agency – capacity & delivery	382	166
Education and Skills Funding Agency – tuition fee fund	237	-
Education and Skills Funding Agency – other	63	211
Teacher Pension Scheme contribution grant	684	381
Releases of government capital grants	377	89
<b>Total</b>	<b>29,664</b>	<b>16,926</b>

Under the Coronavirus related Tuition Fee Fund, the Corporation received funding of £603k from the ESFA. Of this, £237k was spent in year. The remaining funding will be rolled forward and used in 2021/22.

## 3 Tuition fees and education contracts

	2021 £'000	2020 £'000
Adult education fees	585	495
Apprenticeship fees and contracts	1,651	469
Fees for FE loan supported courses	753	424
Fees for HE loan supported courses	6,051	4,536
<b>Total tuition fees</b>	<b>9,040</b>	<b>5,924</b>
Education contracts	2,246	1,176
<b>Total</b>	<b>11,286</b>	<b>7,100</b>

## 4 Other grants and contracts

	2021 £'000	2020 £'000
Coronavirus Job Retention Scheme grant	114	-
<b>Total</b>	<b>114</b>	<b>-</b>

The Corporation furloughed some of its support staff under the government's Coronavirus Job Retention Scheme. The funding received of £114k relates to staff costs which are included within the staff costs note below as appropriate.

## 5 Other income

	2021 £'000	2020 £'000
Catering and residences	11	34
Other income generating activities	107	137
Miscellaneous income	141	101
<b>Total</b>	<b>259</b>	<b>272</b>

## 6 Investment income

	2021 £'000	2020 £'000
Other investment income - gains/(losses)	1	(29)
Other interest receivable	11	46
<b>Total</b>	<b>12</b>	<b>17</b>

## 7 Donations

	2021 £'000	2020 £'000
Unrestricted donations	126	46
<b>Total</b>	<b>126</b>	<b>46</b>

## 8 Staff costs

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

	2021 No.	2020 No.
Teaching staff	276	124
Non-teaching staff	265	176
	<b>541</b>	<b>300</b>

## Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	17,303	10,363
Social security costs	1,596	903
Other pension costs	5,801	3,041
<b>Payroll sub total</b>	<b>24,700</b>	<b>14,307</b>
Contracted out staffing services	269	161
	<b>24,969</b>	<b>14,468</b>
Restructuring costs – Contractual	555	-
<b>Total Staff costs</b>	<b>25,524</b>	<b>14,468</b>

The Corporation has salary sacrifice arrangements in place for both a child care voucher scheme and a cycle to work scheme.

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal and Chief Executive, Deputy Principal (Finance and Resources), Vice Principal (Curriculum and Quality), Vice Principal (HE and Curriculum), Interim Vice Principal (Business Development) and Managing Director, Institute of Technology. Staff costs include compensation paid to key management personnel for loss of office.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	6	5

The number of key management personnel and other staff who received annual emoluments, excluding employer contributions to national insurance and pensions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£60,001 to £65,000 p.a.	-	-	2	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	1	3	-	-
£75,001 to £80,000 p.a.	1	-	-	-
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	1	1	-	-
£90,001 to £95,000 p.a.	1	-	-	-
£125,001 to £130,000 p.a.	-	1	-	-
£140,001 to £145,000 p.a.	-	-	1	-
£150,001 to £155,000 p.a.	1	-	-	-
	<u>5</u>	<u>6</u>	<u>3</u>	<u>-</u>

There was one new starter and one leaver within the key management personnel during the year. Their salaries, when grossed up to a full year, would have been paid in the £75,001 to £80,000 and the £85,001 to £90,000 bandings. (2020; nil)

During the year, compensation for loss of office was paid to one former member of the key management personnel. This amounted to £19,250. (2020: £nil)

The former Principal and Chief Executive of Swindon College was retained in an employed role for the whole of the financial year 2020/21. He is not considered to be a member of the key management personnel but is included under Other Staff.

Key management personnel compensation is made up as follows:

	2021 £'000	2020 £'000
Basic salary	591	453
Performance related pay and bonus	-	-
Benefits in kind	-	-
Pension contributions	129	87
<b>Total key management personnel compensation</b>	<b>720</b>	<b>540</b>

The above compensation includes amounts paid to the Principal and Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2021 £'000	2020 £'000
Basic salary	154	130
Performance related pay and bonus	-	-
Other including benefits in kind	-	-
Pension contributions	36	21
<b>Total compensation</b>	<b>190</b>	<b>151</b>

The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principles. The remuneration package of 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 information to provide objective guidance. The Principal and Chief Executive reports to the Chair of Governing Council, who undertakes an annual review of her performance against 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

	2021 £'000	2020 £'000
Principal's basic salary as a multiple of the median of all staff	5.1	7.4
Principal and CEO's total remuneration as a multiple of the median of all staff	5.3	7.7

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

## 9 Other operating expenses

	2021 £'000	2020 £'000
Teaching costs	11,599	8,133
Non-teaching costs	2,751	973
Premises costs	1,982	789
<b>Total</b>	<b>16,332</b>	<b>9,895</b>

### Other operating expenses include:

	2021 £'000	2020 £'000
Auditors' remuneration:		
Financial statements audit	38	25
Other services provided by the financial statements auditor	3	1
Internal audit fees	18	21
Hire of assets under operating leases	131	48
Rent of buildings under operating leases	84	35

## 10 Interest and other finance costs

	2021 £'000	2020 £'000
On bank loans, overdrafts and other loans:	22	-
On finance leases	-	-
	22	-
Net interest on defined pension liability (note 22)	298	142
Interest on enhanced pension provision (note 17)	10	-
<b>Total</b>	<b>330</b>	<b>142</b>

## 11 Taxation

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

## 12 Tangible fixed assets

	Land and Buildings Freehold £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2020	25,096	5,357	182	30,635
Business combination	34,330	850	234	35,414
Additions	566	1,124	4,026	5,716
Disposals	-	-	-	-
Assets brought into use	-	134	(134)	-
<b>At 31 July 2021</b>	<b>59,992</b>	<b>7,465</b>	<b>4,308</b>	<b>71,765</b>
<b>Depreciation</b>				
At 1 August 2020	8,547	4,549	-	13,096
Charge for the year	1,630	732	-	2,362
On disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>10,177</b>	<b>5,281</b>	<b>-</b>	<b>15,458</b>
<b>Net book value at 31 July 2021</b>	<b>49,815</b>	<b>2,184</b>	<b>4,308</b>	<b>56,307</b>
Net book value at 31 July 2020	16,549	808	182	17,539

The freehold land and buildings inherited from the local education authority at incorporation was valued by external valuers, King Sturge, Chartered Surveyors, as at 1<sup>st</sup> April 1993 at depreciated replacement cost. If the fixed assets had not been revalued, they would have been included at the historical cost amount of £nil.

As a result of the business combination, the net book value of equipment now includes an amount of £131k (2019/20 – n/a) in respect of assets held under a finance lease. The depreciation charge on these assets for the year was £52k (2019/20 – n/a).

## 13 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	334	216
Prepayments and accrued income	760	307
<b>Total</b>	<b>1,094</b>	<b>523</b>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	328	-
Obligations under finance leases	44	-
Trade payables	188	208
Other taxation and social security	(12)	221
Accruals and deferred income	4,461	2,401
Deferred income - government capital grants	456	89
Deferred income - government revenue grants	1,966	702
Other creditors	210	521
Amounts owed to the ESFA	174	-
<b>Total</b>	<b>7,815</b>	<b>4,142</b>

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	1,125	-
Obligations under finance leases	65	-
Deferred income - government capital grants	13,561	2,617
<b>Total</b>	<b>14,751</b>	<b>2,617</b>

**16 Maturity of debt****(a) Bank loans and overdrafts**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	328	-
Between one and two years	328	-
Between two and five years	797	-
In five years or more	-	-
<b>Total</b>	<b>1,453</b>	<b>-</b>

Bank loans consist of:

- A Lloyds Bank loan of £1.25m, drawn down on 20<sup>th</sup> August 2020 and repayable by quarterly instalments over 5 years. Interest is charged at a variable rate at 2.25% pa over the Bank of England base rate. This is an unsecured loan.
- A Salix loan of £391,065, with the final draw down taking place on 1<sup>st</sup> April 2021 and repayable by half yearly instalments over 5 years. No interest is payable against this loan and it is unsecured.

**(b) Finance leases**

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	44	-
Between two and five years	65	-
In five years or more	-	-
<b>Total</b>	<b>109</b>	<b>-</b>

**17 Provisions**

	<b>Defined benefit obligations</b>	<b>Enhanced pensions</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2020	8,838	-	8,838
Business combination	11,869	747	12,616
Expenditure in the period	(1,881)	(55)	(1,936)
Additions in period	4,445	10	4,455
Actuarial (gain)/loss	3,975	(50)	3,925
<b>At 31 July 2021</b>	<b>27,246</b>	<b>652</b>	<b>27,898</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 22.

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. The principal assumptions for this calculation are:

	<b>2021</b>	<b>2020</b>
Price inflation	2.6%	2.2%
Discount rate	1.6%	1.3%

**18 Cash and cash equivalents**

	<b>At 1 August 2020</b>	<b>Cash flows</b>	<b>At 31 July 2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	9,526	2,269	11,795
Overdrafts	-	-	-
<b>Total</b>	<b>9,526</b>	<b>2,269</b>	<b>11,795</b>

## 19 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	8,332	157

The College has entered a contract for the construction of the new Swindon Institute of Technology, which is being sited at its North Star campus.

## 20 Lease obligations

At 31<sup>st</sup> July the college had minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
<b>Future minimum lease payments due - other</b>		
Not later than one year	48	-
Later than one year and not later than five years	42	-
Later than five years	-	-
<b>Total lease payments due</b>	90	-

## 21 Events after the reporting period

There are no events after the reporting period.

## 22 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Wiltshire Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was as at 31<sup>st</sup> March 2019 and of the LGPS, 31<sup>st</sup> March 2019 also.

<b>Total pension cost for the year</b>	2021 £000	2020 £000
Teachers' Pension Scheme: contributions paid	1,854	1,113
Local Government Pension Scheme:		
Contributions paid	1,681	910
Additional deficit payments	-	75
FRS 102 (28) charge	2,266	943
Charge to the Statement of Comprehensive Income	3,947	1,928
<b>Pension Cost for Year within staff costs</b>	<b>5,801</b>	<b>3,041</b>

### **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<sup>st</sup> 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 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The total pension costs paid to TPS in the year amounted to £2.6m (2020: £1.1m).

### **Local Government Pension Scheme**

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Wiltshire Pension Fund. The total contributions made for the year ended 31<sup>st</sup> July 2021 were £2.2m, of which employer's contributions totalled £1.7m and employees' contributions totalled £0.5m. The agreed contribution rates for future years are 22.6% for the College and range from 5.5% to 10.5% for employees, depending on salary

The following information is based upon a full actuarial valuation of the fund at 31<sup>st</sup> March 2019 updated to 31<sup>st</sup> July 2021 by Hyman Robertson LLP.

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Rate of increase in salaries	3.2%	2.5%
Future pensions increases	2.8%	2.1%
Discount rate for scheme liabilities	1.6%	1.4%
Commutation of pensions to lump sums	75%	75%

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

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.9	21.7
Females	24.4	24.0
<i>Retiring in 20 years</i>		
Males	22.9	22.5
Females	26.2	25.5

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

	<b>Fair Value at 31 July 2021 £'000</b>	<b>Fair Value at 31 July 2020 £'000</b>
Equity instruments	36,470	14,368
Bonds	20,840	2,833
Property	7,164	2,631
Cash	651	405
<b>Total fair value of plan assets</b>	<b>65,125</b>	<b>20,237</b>

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
Fair value of plan assets	65,125	20,237
Present value of plan liabilities	(92,371)	(29,075)
<b>Net pensions liability (note 17)</b>	<b>(27,246)</b>	<b>(8,838)</b>

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

	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Amounts included in staff costs</b>		
Current service cost	4,147	1,992
Past service cost	-	-
<b>Total service cost</b>	<b>4,147</b>	<b>1,992</b>

**Amounts included in investment income**

Interest income on plan assets	781	405
Interest cost on defined benefit obligation	(1,079)	(547)
<b>Total net interest</b>	<b>(298)</b>	<b>(142)</b>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	5,677	110
Experience losses arising on defined benefit obligations	1,101	1,665
Changes in assumptions underlying the present value of plan liabilities	(10,753)	(3,274)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(3,975)</b>	<b>(1,499)</b>

**Movement in net defined benefit (liability)/asset during**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Net defined benefit (liability)/asset in scheme at 1 August	(8,838)	(6,254)
Movement in year:		
Current service cost	(4,147)	(1,992)
Employer contributions	1,881	1,049
Past service cost	-	-
Net interest on the defined (liability)/asset	(298)	(142)
Actuarial gain or loss	(3,975)	(1,499)
Business combination	(11,869)	-
<b>Net defined benefit (liability)/asset at 31 July</b>	<b>(27,246)</b>	<b>(8,838)</b>

**Asset and Liability Reconciliation**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in the present value of defined benefit</b>		
Defined benefit obligations at 1 August	29,075	25,045
Current service cost	4,147	1,992
Interest cost	1,079	547
Contributions by Scheme participants	527	284
Experience gains and losses on defined benefit obligations	(1,101)	(1,665)
Changes in financial assumptions	9,561	2,631
Estimated benefits paid	(162)	(402)
Changes in demographic assumptions	1,192	643
Business combination	48,053	-
<b>Defined benefit obligations at 31 July</b>	<b>92,371</b>	<b>29,075</b>

**Changes in fair value of plan assets**

Fair value of plan assets at 1 August	20,237	18,791
Interest on plan assets	781	405
Return on plan assets	5,677	110
Employer contributions	1,881	1,049
Contributions by Scheme participants	527	284
Estimated benefits paid	(162)	(402)
Business combination	36,184	-
<b>Fair value of plan assets at 31 July</b>	<b>65,125</b>	<b>20,237</b>

**23 Related party transactions**

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

K Vetriko is a member of the board of the Swindon and Wiltshire Local Enterprise Partnership. During the year, the College was awarded £602k grant funds towards the capital costs of the IoT. These monies were received after the year-end.

K Newman and R Wheeler are senior employees at Nationwide Building Society. Nationwide Building Society contributed to the capital costs of the IoT, providing £20k, which was received during the year.

M Prince is a member of the Education and Training Foundation. The College spent £5k with the Foundation during the year, with no monies owed at the year end. The Foundation provided funding of £47k to the College during the year for the training of new lecturers – a deferred income balance of £31k remained at 31<sup>st</sup> July 2021.

The total expenses paid to or on behalf of the Governors during the year was £110 to 1 governor (2020: £261). This represents out of pocket expenses incurred in participating at Governor meetings.

**24 Amounts disbursed as agent - Learner support funds**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Funds brought forward	589	641
Business combination	489	-
Bursary grants received in year	558	208
	<u>1,636</u>	<u>849</u>
Disbursed to students	(341)	(247)
Administration costs	(26)	(13)
<b>Balance unspent as at 31 July, included in creditors</b>	<b>1,269</b>	<b>589</b>

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

## 25 Business Combination

On 17<sup>th</sup> August 2020, Swindon College combined with New College Swindon. The combination was classed as a Type B merger with the Swindon College Corporation being dissolved, and all trade, assets and liabilities transferring to New College on the 17<sup>th</sup> August 2020. The transaction has been treated as a gift in substance in line with FRS102 s19 and PBE 34.77 to PBE 34.79.

The results attributable to Swindon College since the business combination on 17<sup>th</sup> August 2020 are as follows:

	£'000
Income	<u>13,662</u>
Surplus	<u>131</u>

These amounts have been calculated based upon the proportion of income attributable to Swindon College operations post-combination and an allocation of costs.

The assets and liabilities that were brought into New College at fair value on 17<sup>th</sup> August were as follows:

	£'000
Fixed assets at book value	26,300
Fair value adjustment	<u>9,115</u>
Fixed assets at depreciated replacement value	35,415
Trade and other receivables	688
Cash and cash equivalents	1,629
Bank loan	(1,958)
Obligation under finance lease	(131)
Trade and other repayables	(2,391)
Deferred income - government capital grants	(6,705)
Defined benefit pension provision	(11,869)
Enhanced pensions provision	(747)
Restructuring provision	<u>(178)</u>
<b>Total net Assets</b>	<b><u>13,753</u></b>

The net assets of Swindon College are brought into New College by way of a gift, the value of which is included in the Statement of Comprehensive Income.

## 26 Financial Instruments

	2021 £'000	2020 £'000
Financial assets that are measured at fair value through profit and loss:		
Cash at bank and in hand	<u>11,795</u>	<u>9,526</u>
Financial assets that are measured at amortised cost		
Trade receivables	<u>334</u>	<u>216</u>

Financial liabilities that are measured at fair value through profit and loss:

Bank Loans	1,453	-
Obligations under finance lease	109	-
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Financial liabilities that are measured at amortised cost

Trade payables	188	208
Other taxation and social security	(12)	221
Accruals and deferred income	4,461	2,401
Other creditors	210	521
Amounts owed to ESFA	174	-
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