



THE WINDSOR FOREST COLLEGES GROUP

Report and Financial Statements
for the year ended 31 July 2021





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Reference and Administrative Details**Board of Governors**

Mr A Dixon (to 16.2.2021)
 Ms A Wellings
 Ms K Webb (to 18.4.21)
 Ms Gillian May (from 18.4.21)
 Mr A Bhattacharya (to 15.3.21)
 Mr D Knowles-Leak (to 11.11.20)
 Mr S Taylor
 Mr P Tyndale
 Ms T Coates
 Mr A Haines
 Mr M Pritchett (to 8.3.21)
 Mr K Virdee
 Mr R Lewis
 Ms S Ali (to 10.3.21)
 Mr T Wainwright
 Mr M Alabi
 Mr N Garat (from 9.12.20)
 Mr P Britton (from 19.5.21)
 Ms S Foley (from 19.5.21)
 Mr D Bains (to 5.7.21)
 Ms A Wheatley (from 7.7.21)
 Ms N Viola
 Mr J Smith
 Mr T Hussain (to 19.5.21)
 Miss A Malynn (to 19.5.21)
 Ms I Abbas (from 7.7.21)
 Mr G Shewell (from 7.7.21)

Clerk/ Company Secretary

Ms L Payne

Senior Leadership Team

Kate Webb (<i>to 11/04/21</i>)	–	Group Principal and Chief Executive Officer
Gillian May (<i>from 12/04/21</i>)	–	Group Principal and Chief Executive Officer
Graham Try	-	Deputy Chief Executive Officer
Amanda Down	-	Principal, Sixth Form
Maxine Wood	-	Principal, Langley College
Bernadette Joslin (<i>to 31/05/21</i>)	-	Group Vice Principal, Student Services
Juliet Holloway	-	Group Vice Principal, Business Development
Belinda Tam	-	Group Director, Human Resources
Roberts Disbury-Mockett	-	Group Director of Information & Business Systems Technology

Principal and Registered Office:

Langley College

Station Road

Langley

Berkshire

SL3 8BY

Professional Advisors:

External Auditor	-	Buzzacott, 130 Wood Street, London EC2V 6DL
Internal Auditor	-	Mazars, Tower Bridge House, St Katherine's Way, London E1W 1DD
Solicitors	-	Doyle Clayton, One Crown Court, Cheapside, London EC2V 6LR
	-	Field Seymour Parkes LLP, 1 London Street, Reading, RG1 4PN
Bankers	-	Santander UK PLC, Bridle Road, Bootle, Merseyside L30 4GB

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The governing body present their annual report together with the audited financial statements and the auditor's report for The Windsor Forest College Group for the year ended 31 July 2021.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Windsor Forest Colleges Group. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission and Values

Governors reviewed the College's mission in October 2018 and adopted a revised mission statement as follows:

"To inspire ambition and make a positive difference to lives through learning"

Governors also adopted the following values at this time:

Learners First – placing the learner at the heart of all we do

Community – working collaboratively to achieve

Empowering – enabling all in a caring environment to achieve their full potential

Excellence – a culture of creativity, high expectations, ambition and aspiration

Diversity – celebrating diversity and inclusivity as a key to our success

Integrity – honesty, openness and trust at the heart of College life

Respect – showing fairness, courtesy and mutual respect

Public Benefit

The Windsor Forest Colleges Group 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 15-18.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education to students, including students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers and provide training to 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.

Strategic Plan

In May 2021, the Corporation approved a new strategic plan for the period 2021-24. This comprehensive plan, which is anchored to the local skills requirements, has detailed targets and informs the performance and development of staff and managers across the College Group.

Strategic Report (continued)

The strategic plan aligns with the College's property and financial plans. The Corporation monitors the performance of the College against the plan at its termly meetings and updates the plan when required.

The key strategic priorities have been identified as follows:

1. Growth - with a particular focus on 16-19 study programmes
2. Finance - maintaining at least 'Good' financial health and improving the point score year on year
3. Quality - raising the academic standards and improving student outcomes
4. Inclusion - enhanced social mobility through access to our improved provision
5. The development of alliances to secure the strategic future of the group
6. Investment in our people and group resources to provide inspirational teaching and learning

Quality and Curriculum in 2020/21

As a result of the challenges of lock down during the pandemic overall retention for all students (all levels, ages and subjects) within the Group was 88.3% (91.2% 19/20). The pass rate for these retained students was 92.4% an improvement of 3.5% on the prior year (88.9%) For 20/21, the College's achievement rate was 79% for 16-18 year olds and 77% for adults. Apprenticeship achievement rates were 54%.

Curriculum Development

The College Group has clear progression routes, with provision delivered flexibly to meet the needs of learners and employers. Wider aspects of the curriculum, including tutorial and enrichment programmes are considered to be very effective. The College has revised its curriculum offer appropriately to reflect both national and local priorities and uses information to inform further development well.

The curriculum offer for the Group reflects the characteristics of each of its three campuses, improved progression routes in some provision areas have been identified and the curriculum teams across the three campuses are working together to share best practice and resources,

Curriculum delivery in partnership with employers and in work-based and community settings is recovering post-pandemic and a strength of the Group. The College continues to deliver a wide range of employer focussed programmes.

Employer engagement is a key priority across the Group. We work with a wide range of local employers and have a strong and growing track record with bespoke provision and specialisms in areas of particular regional need for up-skilling such as Professional and Management Studies, Construction, Health and Social Care, Business and Tourism.

The Group's continued investment in its campuses provides outstanding vocational specialist facilities and resources; which has put us in a position to support future growth in learner numbers and innovation in the delivery and structure of the curriculum.

Covid-19 Pandemic and the College response

The academic year of 2020/21 has been significantly affected by the pandemic.

Teaching and learning remained on-line through the periods of lockdown. Investment in the digital infrastructure meant that we were able to support this significant shift, ensuring that students continued to be supported.

Strategic Report (continued)

In some areas, remote learning was hampered by learners' access to devices and reliable broadband. We used our resources to loan devices and funded data access for those most in need.

Our digital strategy has continued to develop with on-going significant investment: improvements in our network, the provision of laptops to all teachers and support staff.

During lockdown a revised set of safeguarding procedures were quickly put in place to ensure that vulnerable students were monitored and tracked carefully and regularly and that safeguarding referrals could be made easily and quickly by both students and staff. Additional guidance on digital safety and remote learning was also produced for staff and learners to support this.

The majority of our learners were very well supported during lockdown. A level, BTEC and GCSE results continued to improve. Some vocational, technical and adult course results were adversely affected by delays in assessment and lack of opportunity for practical learning. Outcomes for students studying functional skills were disappointing. These students were required to sit 'pass or fail' examinations and were not assessed via the Teacher Assessment Grades (TAGs) in the way that GCSE students were. Some retention on adult ESOL courses was affected as students ceased learning and returned to home countries.

The pandemic continues to have a volatile and unpredictable effect on our local economy and community demand. In particular, the devastating effects on Heathrow, the aviation industry and associated supply chains will have significant implications for local people. Demand for apprenticeships has been suppressed, and demand for adult courses will be carefully monitored as it shifts towards employability courses.

Our Work with the Community

Langley College put itself at the heart of the local response by supporting the vulnerable in the Slough community. Opening up the teaching kitchens, our staff and students led the effort to produce 99,290 hot meals and goody bags which were then distributed by the community organisation, Slough Outreach. Langley College was also designated the "One Slough Community Response Hub", used to sort, store and dispatch food throughout the community, and was the base for the Virtual Call Centre. The overall initiative was delivered as a partnership between the College, Slough Borough Council, Slough CVS and voluntary sector groups throughout Slough.

Partnership Work

Our partnership work has come to the fore in these times of crisis. Strong work with Slough Borough Council, the Thames Valley Berkshire Local Enterprise Partnership, the Department for Work and Pensions and Royal Holloway University has created the opportunity to bid for funding to increase the skills provision in Slough town centre for adult skills and employability provision.

Financial objectives

The Corporation has adopted a financial planning framework with associated objectives. This framework is based upon securing sound financial health so that:

- the College is protected from any unforeseen downturn in activity and/or profitability;
- the College generates sufficient funds to continue its strategy of reinvestment in the expansion and improvement of teaching and learning;
- the College can clearly demonstrate that its activities provide value for money;
- the College is perceived as a good employer which thrives on academic and financial success; and
- the College can discharge its responsibilities as a large organisation in its dealings with third party suppliers.

Strategic Report (continued)

The financial objectives set are shown below together with the performance for the year *against these*.

- i. deliver an operating deficit of £2.35m (excluding any adverse effects from the implementation of the FRS 102 pension accounting rules and before asset sales) – *£1.08m actual deficit*
- ii. maintain staff costs at or below 73% of income – *72% actual*
- iii. maintain an academic contribution at a rate of at least 49% - *50% actual*
- iv. maintain the current level of support staff costs and reduce these further where opportunities arise – *under budget*
- v. allow for a pay award at least in line with the Government's public sector pay policy – *the Board agreed a pay award of 1% or £250, whichever is greater, in December 2020 in line with the AoC's recommendation*
- vi. maintain at least ESFA "Requires Improvement" financial health - *'Outstanding' financial health actual*
- vii. to maintain a current ratio (adjusted to exclude deferred capital grants) of at least 1.5 – *3.6 actual*
- viii. Achieve a minimum year-end cash balance of £3.5m - *£7.5m actual*

Performance indicators

The key headline performance measures that are monitored by the Board and the assessment against them are as follows:

Participation and Growth

The 16-18 learner number was 2,600, which was 71 lower than the previous year's number of 2,671. The adult learner recruitment for both the ESFA funding (non-devolved) and the devolved GLA funding was significantly lower than the respective funding allocations.

Whilst the College fell short of its budgeted income targets for adults, it exceeded it for apprentices and advanced learner loans but also fell short for Higher Education learners.

Quality

An overall FE achievement rate of 82% (excluding Functional Skills) was achieved. This was the same as the 82% achieved in 2018/19.

An Apprentices timely achievement rate of 29% has been achieved. This is lower than the 46% last year and is lower than the 60% national average for 2018-19 (national achievement rate data was not collected for 2019/20). This is due to the adverse impact of Covid-19 in the year.

The College was the subject of an Ofsted inspection in November 2019 and was judged "Good".

Financial

An operating deficit of £1,079,000 or 4.9% was achieved (excluding Local Government Pension Scheme adjustments). This deficit includes the exceptional item incurred of £0.456m for the early repayment charge for the Santander bank loan. The operating deficit including the impact of the Local Government Pension Scheme adjustments was £2,637,000.

Staff costs were 72% of income which was an improvement on the 73% target. The substantial reduction in the deficit against the budgeted deficit was because a number of prudent assumptions had been made in the budget relating to the ongoing impact of Covid 19 and the actual impact was not as acute. In particular there was a significant saving in non-staff costs including the central contingency provision.

ESFA "Outstanding" Financial Health was achieved for the year which was a significant improvement on the objective of "Requires Improvement".

Strategic Report (continued)

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £1,079,000 excluding FRS102 charges on the LGPS defined benefit pension scheme and asset sales (2019/20 – £1,803,000 deficit). This reduction is mainly due to an improvement in income with a lesser impact from Covid-19.

The College has accumulated reserves of £23,768,000 (2019/20 - £24,382,000) and cash balances of £7,481,000 (2019/20 - £9,933,000). The College wishes to continue to generate sufficient future operating surpluses and cash in order to fund further investment in teaching and learning and provide contingency reserves.

Tangible fixed asset additions during the year amounted to £1,451,000 (2019/20 - £900,000). This mainly related to fire safety works at Strode's College, funded mainly from the Condition Improvement Fund (CIF) grant of £442,000 and various building works and IT Infrastructure spend across all three Group Colleges, funded mainly from the Further Education Condition Allocation (FECA) grant of £919,000.

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 91% of the College's total income.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Short term borrowing for temporary revenue purposes is authorised by the Group Principal and Chief Executive Officer. No such borrowing was required in the year in view of the level of the College's cash balances held.

All other borrowing also requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows and Liquidity

There was an decrease in cash in the year of £2,452,000 (£6,232,000 increase in 2019/20) mainly due to the repayment of the outstanding Santander loan in November 2020. This was partly offset by a compensation receipt for third party works impacting Strode's College. The College is therefore now debt free.

The cash balance held of £7,481,000 maintains the College's liquidity position.

Reserves Policy

The Board carefully considered in July 2021 its policy regarding the cash reserves to be held and has determined that a minimum of £3.5m will be held at the end of any financial year. This is to enable to College to respond to unforeseen requirements in a planned way. The College's Strategic Plan and Financial Forecast ensures adherence to this.

The Board seeks to increase cash reserves above this level in order to further invest in the College's estate and to maintain and improve the current "Good" financial health.

The level of cash reserve at 31st July 2021 was £7,481,000 which was £3,981,000 above the minimum level.

Strategic Report (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The WFCG has three main college sites and a number of community venues. Across the three Colleges we offer a broad and rich range of provision from entry level to degree for 16-18 year olds and adults. In 2020/21 the Group served 2,600 16-18 year olds, 2,391 adults, 293 apprentices and 176 Higher Education students.

In 2020/21 the College has delivered activity that has produced £18,622,000 in funding body main allocation funding (2019/20 – £18,056,000).

Student Achievements

Our students enjoy their time at the College and want to do well in their studies. They work well together and most benefit from a harmonious and vibrant working environment. Learners feel safe at College and have a good understanding of how to keep themselves safe. A majority of learners and apprentices are positive about the quality of teaching and training they receive with some learners reporting the benefits of exceptionally experienced teachers who plan well-structured and logically ordered activities that inspire them and build on learning that has gone on before. Attendance is good and students understand the importance of high levels of attendance and punctuality. Learners who have high needs and study on academic and vocational courses or courses focusing on the development of their independence and skills receive good levels of support. A high proportion of learners move into further learning or employment with progression to higher education especially high at the sixth form.

In 2020/21, student assessment was significantly affected by the pandemic and associated measures that were implemented by awarding bodies and government to adapt or delay assessment.

Some key headlines of improvement and high achievement are:

A strong performance for A-Level pass rate: 99.92% improved by 0.22% from 99.7% in 2020.

- High grades (A*B): 57.98% improved by 5.98% from 52% in 2020
- A*-C grades: 86.4% improved by 3.6% from 82.8% in 2020

The Group's performance at GCSE English and maths sustained at or above GFE benchmark for a fifth year.

- Across TWFCG, 660 16-18s and 139 adults completed **GCSE English and/or maths** in 2020-21. This is a significant drop from last year and reflects the impact of the CAGs awarded in 2020. Performance for all ages has declined by 6.3% to 85% but this is still 4% above the benchmark (18/19). The decline in achievement can be attributed to the impact of lockdown both in year and from 2019-20.
- At Strode's 16-18 achievement improved from 91% to 94%. 16-18 achievement at Windsor College was 92% a slight decline of 2.3% from 2020 whilst at Langley College 16-18 achievement declined by 9.7% to 80.8%.
- Adult performance declined by 5.1% to 88.5% but is still 8.5% above the national average (18/19). At Windsor College 19+ learners' achievement was sustained at 100% in GCSE maths but declined to 60% in GCSE English; the significant decline is explained by very small student numbers and two students who did not complete the course. At Langley College 19+ learners' achievement declined slightly by 3.1% to 90.5%. At Strode's achievement improved significantly by 19% to 82.6%.

TWFCG GCSE high grade (9-4) Achievement Rate for English and maths was 55.8% an improvement of 14.6% and 15.8% above the college target (40%).

Adult ESOL students (1397) challenges of lockdown

Strategic Report (continued)

- An achievement rate of 80% being a decline of 7% on adult ESOL programmes.

A strong performance on Higher Education programmes, with high retention, pass rates and achievement despite the challenges of lockdown.

- An achievement rate of 94% on all Higher Education programmes.

Curriculum Developments

The Windsor Forest Colleges Group has a good reputation for curriculum innovation and change at each of its three college sites.

Effective and proactive use is made of market intelligence to introduce new courses across the curriculum in order to meet students' and employers' needs. TWFCG is highly responsive to national and LEP priorities and strategies in both Berkshire and Surrey. Leaders and managers work with local employers and partners to plan and review their provision so that it is focused on current industry practices.

With changes to young people and adult entitlement and the need to progress learners into employment, the College Group continues to refine programmes of study and training with distinct pathways:

- Vocational and Academic with a strong emphasis on learners progressing and acquiring the technical and higher technical expertise (Levels 3, 4 and / or 5) required by most employers
- Maths and English (GCSEs, Functional Skills, AS/A2 levels) are now at the heart of curriculum planning with all learners having free maths and English entitlements
- Work Ready / Development Route: Professional / Trades options, Levels 2 and 3 Apprenticeships and Traineeships / pre-apprenticeships, Industrial updating, Professional Access to HE, continue to be developed to meet the needs of aged 24 and above learners and other fee paying learners e.g., a good relationship established with Heathrow Airport with future partnership opportunities likely, particularly with Apprenticeships

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 in the relevant period	FTE employee number
4	3.2

Percentage of time	Number of employees
0%	0
1-50%	4
51-99%	0
100%	0

Strategic Report (continued)

Total cost of facility time	£15,621
Total pay bill	£16,078,000
Percentage of total bill spent on facility time	0.1%

Time spent on paid trade union activities as a percentage of total paid facility time	100%
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Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent.

During the accounting period 1 August 2020 to 31 July 2021, the College paid at least 95 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Future Prospects

The College is well placed to meet the future challenges ahead. It has excellent resources, namely excellent industry standard facilities at Langley College, following the £31m improvement project that was completed in 2015, and similarly at Windsor College which was new in 2006 and at Strode's College which is maintained in good condition.

The College's high level forecast compiled in July 2021 for the period 2021-25, forecasts that the College would achieve ESFA "Good" status in 2021-22 and 2022-23 and "Outstanding" status from 2023-24.

The College considers that it will be able to continue in operation and meet its liabilities for at least the period of the financial forecast until July 2025.

In October 2021 a key announcement was made public regarding the future of TWFCG. This advised that the Boards of Governors at TWFCG and Berkshire College of Agriculture (BCA) have agreed in principle to merge, with a target date of July 2022. The colleges have now entered a period of consultation and due diligence after which a final decision will be made.

The proposed merger seeks to preserve, celebrate and extend the distinctive features of each college while forming a larger, dynamic and more resilient Group, which will increase opportunity and aspirations for young people, adults and employers in the region.

The merger will bring together the expertise of the two organisations, both rated Good by Ofsted, which includes the flourishing Sixth Form offer at Strode's and Windsor Colleges, progressive technical and vocational education at Langley College, and the specialist land-based and vocational programmes at BCA.

RESOURCES:

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

Tangible resources include the College's two owned campuses in Langley and Windsor. In addition, the College has a 35-year lease of the Strode's College site until 2052 with an option to extend for a further 25 years.

Strategic Report (continued)

An extensive improvement was completed at Langley College with £31m being expended between 2012 and 2015. Windsor College was opened in 2006-07 at a cost of approximately £10 million. Current assets total £8,131,000, including £7,481,000 cash balances.

Financial

The College has £23.77 million of net assets (including £31.06 million pension liability).

People

The College employed as an average throughout the year 616 staff members (expressed as headcounts), of whom 353 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

A risk register is maintained at the College level which is reviewed at each meeting of the Audit Committee and Board of Governors. This identifies the key risks, the likelihood of those risks occurring, their potential impact on the College (both scored at gross and net risk level) and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by the raising awareness of risk throughout the College.

The Corporation reviewed the latest Risk Register and Risk Management Plan at its meeting in October 2021. Outlined below is a summary of the five highest risks in the Plan.

1. Risk of radicalisation and extremism and sexual exploitation on campus
2. Failure to meet the budget/forecast to reduce the operating deficit
3. Poor student outcome data in some curriculum areas at Langley College results in a challenge to the 'Good' Ofsted rating and the resulting impact on quality and reputation
4. Changes to external funding risk future financial sustainability
5. IT failure with loss of data for staff and students and an increase in cyber-attacks across the FE Sector

Strategic Report (continued)

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, The Windsor Forest Colleges Group has many stakeholders.

These include:

- Students;
- The ESFA and Office for Students;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities including Slough Borough Council, the Royal Borough of Windsor and Maidenhead and Surrey County Council;
- The Thames Valley Berkshire and the Enterprise M3 Local Enterprise Partnerships;
- The local community;
- Other local FE institutions;
- Other HE institutions;
- Trade unions : UCU, NEU, NAS/UWT, UNISON.
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

EQUALITY AND DIVERSITY

Equal opportunities and employment of disabled persons

The Windsor Forest Colleges Group is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, sex, sexual orientation, disability, religion or belief, being a transsexual person, having just had a baby or being pregnant, being married or in a civil partnership and age.

We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination, direct or indirect. This will be resourced, implemented and monitored on a planned basis. The

College Group's Equality Objectives are published on the College's Internet site. The College Group's policy is to provide training, career development and opportunities for promotion to all employees.

The Windsor Forest Colleges Group welcomes applications from people with disabilities. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the College Group continues.

Strategic Report (continued)

Disability statement

The Windsor Forest Colleges Group seeks to achieve the objectives set down in the Equalities Act 2010.

- a) The admissions policy for all students is described in The Windsor Forest Colleges Group Charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- b) The Windsor Forest Colleges Group 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.
- c) Specialist programmes are described in the College Group's prospectuses and achievements and destinations are recorded and published in the standard College format.
- d) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.
- e) The College holds the Disability Confident - Committed which means means we are positive about employing disabled people and are keen to know about your abilities. The symbol is awarded to employers who have made commitments to employ, keep and develop the abilities of disabled staff.

GOING CONCERN

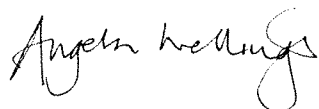
After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College is able to continue in operation and meet its liabilities taking into account its current financial position and its principal risks for the foreseeable future. The College also has in place a 3 year strategic plan and a similar financial plan which is monitored throughout the year. The College holds cash balances of over £7.4 million.

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 8 December 2021 and signed on its behalf by:



A Wellings

Chair

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 1st August 2020 to 31st 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:

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

In the opinion of the Governors, the College mainly complies with the provisions of the Code, and it has complied throughout the year ended 31 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 full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1st July 2015.

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

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.

	Date of appointment	Term of office	Date of Resignation	Status of appointment	Committees Served	Attendance at Board (Committees)
Mr A Dixon	31.10.2002 02.03.2006 new term agreed to 31.10.2010 07.07.2010 new term agreed to 31.10.2014. 02.10.2013 new term agreed to 01.10.2017 10.05.2017 new term agreed to 01.10.2021 8.7.2020 new term agreed to 31.10.2021 Resignation received 16.2.2021	4 years	16.2.2021	External (Chair of Corporation)	Remuneration; Strategy, Governance & Search; Resources (Chair);	100% (89%)
Ms A Wellings	11.03.2009	4 years		External (Vice Chair of Corporation to	Remuneration (Chair); Resources; Quality &	96% (97%)

	<p>New term agreed to 03.2017</p> <p>5.10.2016 new term agreed to 03.2021</p> <p>8.7.2020 new term agreed to 31.7.2021</p> <p>18.2.21 new term agreed to July 2024</p>			18.2.21. Chair of Corporation from 18.2.2021)	Curriculum (Chair); Strategy, Governance & Search	
Ms K Webb	15.03.2010	n/a	18.4.2021	Principal (Accounting Officer)	Strategy, Governance & Search; Resources; Quality & Curriculum	96% (92%)
Ms G May	18.4.2021	n/a		Principal (Accounting Officer)	Strategy, Governance & Search; Resources; Quality & Curriculum	100% (100%)
Mr A Bhattacharya	<p>15.05.2013</p> <p>05.10.2016 new term agreed to 15.3.2021</p> <p>Term not renewed</p>	4 years	15.3.2021	External	Resources	100% (80%)
Mr D Knowles-Leak	<p>04.07.2012</p> <p>09.12.2015 new term agreed to 09.07.2020</p> <p>8.7.2020 new term agreed to 31.7.2021</p> <p>Passed away 11.11.2021</p>	4 years	11.11.2021	External	Quality & Curriculum	84% (50%)
Mr S Taylor	<p>02.10.2013</p> <p>5.10.2016 new term agreed to 02.10.2021</p> <p>7.7.21 new term agreed to 2.10.2022</p>	4 years		External	Audit (Chair); Strategy, Governance & Search	74% (90%)
Mr P Tyndale	<p>07.10.2015</p> <p>03.07.2019 new term agreed to 07.10.2023</p>	4 years		External	Audit; Remuneration	100% (100%)

Ms T Coates	07.10.2015 03.07.2019 new term agreed to 07.10.2023	4 years		External	Strategy, Governance & Search (Chair); Resources; Quality & Curriculum; Remuneration	100% (84%)
Mr A Haines	07.12.2015 3.7.2019 new term agreed to 7.12.2023	4 years		External	Audit; Quality & Curriculum	100% (88%)
Mr M Pritchett	8.3.2017 Term not renewed	4 years	8.3.2021	External	Strategy, Governance & Search; Resources	100% (88%)
Mr K Virdee	9.5.2017 29.4.2020 new term agreed to 9.5.2024	4 years		External	Remuneration; Resources	86% (100%)
Mr R Lewis	9.5.2017 9.12.2020 new term agreed to 9.5.2025	4 years		External	Strategy, Governance & Search; Audit; Quality & Curriculum	100% (100%)
Ms S Ali	2.10.2019 Resignation Received 10.3.2021	4 years	10.3.2021	External	Quality & Curriculum	62% (0%)
Mr T Wainwright	8.7.2020	4 years		External	Quality & Curriculum; Strategy, Governance & Search	96% (80%)
Mr M Alabi	8.7.2020	4 years		External	Quality & Curriculum; Audit; Resources	69% (92%)
Mr N Garat	9.12.2020	4 years		External	Audit	100% (100%)
Mr P Britton	19.5.2021	4 years		External	Strategy, Governance & Search	90% (100%)
Ms S Foley	19.5.2021	4 years		External	Resources	88% (100%)
Mr D Bains	5.7.2017 Term ended 5.7.2021	4 years	5.7.2021	Staff	Quality & Curriculum	75% (50%)
Ms A Wheatley	7.7.2021	4 years		Staff	Quality & Curriculum	100% (100%)

Ms N Viola	13.3.2019	4 years		Staff	Quality & Curriculum	80% (100%)
Mr J Smith	7.7.2020 7.7.2021 re-elected by the Student Union for a further term to July 2022	1 year		Student	Quality & Curriculum	20% (25%)
Ms T Hussain	8.7.2020	1 year	7.7.2021	Student	Quality & Curriculum	100% (75%)
Ms A Malynn	8.7.2020	1 year	7.7.2021	Student	Quality & Curriculum	25% (50%)
Ms I Abbas	8.7.2021	1 year		Student	Quality & Curriculum	100% (n/a)
Mr G Shewell	8.7.2021	1 year		Student	Quality & Curriculum	100% (n/a)
Ms L Payne acts as Clerk to the Corporation.						

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 each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are resources, quality and curriculum, remuneration, governance, search and strategy and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website at www.windsor-forest.ac.uk or from the clerk to the Corporation at:

The Windsor Forest Colleges Group

Station Road

Langley

Berkshire SL3 8BY

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 also 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.

Governance Statement (continued)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole.

The Corporation has a governance and search committee, consisting of eight members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Corporation Performance

The Corporation's performance is monitored at every Corporation and committee meeting through evaluations by all members together at the meeting. This records information relating to the agenda reports and whether Governors felt they were sufficient to inform their decisions and also the meeting itself, such as whether the length was appropriate, etc. It also records where Governors have 'added value' and made appropriate 'challenge'.

There is an annual appraisal of all Governors by the Chair of the Board, which contributes to informing the overall performance and highlights areas for future training. The Chair of the Board is appraised every year by Chairs of the Committees to ensure that the role of the Chair of the Board is being carried out effectively.

There are two Governor Strategy Days every year and these assist in informing and updating the Board in order to improve its performance, e.g., legal updates.

Annually each committee considers to what extent it feels it has added to the overall Corporation KPI's. This report is considered by the Board.

Remuneration committee

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

The College Board adopted the Association of College's Remuneration Code for Senior Postholders in July 2019.

Audit committee

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

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

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

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

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

Internal control

Scope of responsibility

Governance Statement (continued)

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 Group Principal & CEO, 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 Financial Memorandum between The Windsor Forest Colleges Group 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 The WFCG for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

Governance Statement (continued)

Risks faced by the Corporation

The College's risks are identified in the risk register and their overall risk score is calculated for the impact and likelihood of the risk occurring based on a formal risk scoring system. These are reviewed at least termly by relevant Managers, the SLT and the relevant College Committees and Board. The most significant risks are listed earlier in this report.

Control Weaknesses Identified

No significant weaknesses or failures were identified in the year.

Responsibilities Under Funding Agreements

Members of the College Senior Leadership Team review and monitor the College's contractual responsibilities under the funding agreements with the ESFA. Any significant matters are also considered with the College's Committees and Board.

Statement from the Audit Committee

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

The specific areas of work undertaken by the audit committee in 2020-21 and up to the date of the approval of the financial statements are:

- internal audit reviews of Marketing, Estates Management, Human Resources, learner numbers and follow up of recommendations
- regular review of the College's risks as shown in the Risk Management Plan
- review of the External Audit Management Report on the 2019-20 Accounts

Review of effectiveness

As Accounting Officer, the Group Principal and CEO 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, in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her 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 leadership 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 leadership team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

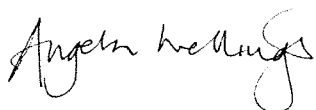
The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives

Governance Statement (continued)

reports thereon from the senior leadership team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

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

Approved by order of the members of the Corporation on 8 December 2021 and signed on its behalf by:

A Wellings**Chair****8 December 2021****G May****Accounting Officer****8 December 2021**

Statement on the College's 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 funding agreement and contracts with the ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreement 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 College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract 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.



A Wellings

Chair

8 December 2021



G May

Accounting Officer

8 December 2021

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 College's grant funding agreements and contracts with the 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 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, the 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 College 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

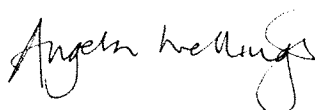
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

The Corporation is responsible for the maintenance and integrity of the College's website; the work carried out by the 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 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. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 8 December 2021 and signed on its behalf by:



A Wellings

Chair

Independent auditor's report to the Corporation of The Windsor Forest Colleges Group

Opinion

We have audited the financial statements of The Windsor Forest Colleges Group (the 'College') for the year ended 31 July 2021 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows, the principal accounting policies, and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its deficit of income under expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- in all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of OfS's accounts direction have been met.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 members of 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

We have nothing to report to you in respect of the following matter, in relation to which the the Office for Students requires us to report to you, if in our opinion:

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

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the members of the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members of 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 members of the Corporation are 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 members of 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the College through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the College, including the Further and Higher Education Act 1992, funding agreements with the ESFA and associated funding rules, ESFA regulations, data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the College's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of Corporation meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC and the College's legal advisors (although none was noted as being received by the College).

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the members of the Corporation and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the College's members, as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's members 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 College's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Reporting accountant's assurance report on regularity

To: The corporation of The Windsor Forest Colleges Group and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 20 November 2017 and further to the requirements and conditions of funding in the 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 The Windsor Forest Colleges Group during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA 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 The Windsor Forest Colleges Group and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of The Windsor Forest Colleges Group 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 [name of corporation] and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Windsor Forest Colleges Group and the reporting accountant

The corporation of The Windsor Forest Colleges Group is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them. Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

The Windsor Forest Colleges Group
Statement of Comprehensive Income

	Notes	2021 £'000	2020 £'000
INCOME			
Funding body grants	2	20,790	19,802
Tuition fees and education contracts	3	1,113	1,547
Other grants and contracts	4	98	117
Other income	5	692	330
Endowment and investment income	6	11	35
		<hr/>	<hr/>
Total income		22,704	21,831
EXPENDITURE			
Staff costs	7	16,904	16,408
Fundamental restructuring costs	7	275	295
Other operating expenses	8	4,743	4,901
Depreciation	11	2,476	2,383
Interest and other finance costs	9	944	676
		<hr/>	<hr/>
Total expenditure		25,342	24,663
		<hr/>	<hr/>
Deficit before other gains and losses		(2,638)	(2,832)
Surplus on Disposal of Fixed Asset	24	-	4,683
		<hr/>	<hr/>
(Deficit) / Surplus before tax		(2,638)	1,851
Taxation	10	-	-
		<hr/>	<hr/>
(Deficit) / Surplus for the year		(2,638)	1,851
Actuarial gain / (Loss) in respect of pensions schemes		2,024	(7,228)
		<hr/>	<hr/>
Total Comprehensive Loss for the year		(614)	(5,377)
		<hr/>	<hr/>
Represented by:			
Unrestricted comprehensive loss		(614)	(5,377)

The Windsor Forest Colleges Group
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
Balance at 31st July 2019	26,951	2,808	29,759
Surplus from the income and expenditure account	1,851	-	1,851
Other comprehensive loss	(7,228)	-	(7,228)
Transfers between revaluation and income and expenditure reserves	66	(66)	-
Total comprehensive loss for the year	(5,311)	(66)	(5,377)
Balance at 31st July 2020	21,640	2,742	24,382
Loss from the income and expenditure account	(2,638)	-	(2,638)
Other comprehensive income	2,024	-	2,024
Transfers between revaluation and income and expenditure reserves	66	(66)	-
Total comprehensive loss for the year	(548)	(66)	(614)
Balance at 31st July 2021	21,092	2,676	23,768

The Windsor Forest Colleges Group
Balance sheet as at 31 July

	Notes	2021	2020
		£'000	£'000
Fixed assets			
Tangible fixed assets	11	63,754	64,779
		63,754	64,779
Current assets			
Trade and other receivables	12	650	743
Cash and cash equivalents	17	7,481	9,933
		8,131	10,676
Less: Creditors – amounts falling due within one year	13	(3,371)	(6,385)
Net current assets		4,760	4,291
Total assets less current liabilities		68,514	69,070
Less: Creditors – amounts falling due after more than one year	14	(13,247)	(12,693)
Provisions			
Defined benefit obligations	22	(31,056)	(31,508)
Other provisions	16	(443)	(487)
Total net assets		23,768	24,382
Unrestricted reserves			
Income and expenditure account		21,092	21,640
Revaluation reserve		2,676	2,742
Total unrestricted reserves		23,768	24,382

The financial statements on pages 32 to 59 were approved and authorised for issue by the Corporation on 8th December 2021 and were signed on its behalf on that date by:

A Wellings
Chair

G May
Accounting Officer

The Windsor Forest Colleges Group
Statement of Cash Flows

	2021 £'000	2020 £'000
Cash flows from operating activities		
(Deficit)/Surplus for the year	(2,638)	1,851
Adjustment for non cash items		
Depreciation	2,476	2,383
Decrease in debtors	93	124
Increase / (Decrease) in creditors due within one year	855	(266)
Decrease in creditors due after one year	(808)	(734)
Decrease in provisions	(30)	(30)
Pensions costs less contributions payable	1,134	539
Adjustment for investing or financing activities		
Investment income	(11)	(35)
Interest payable	944	676
Gain on disposal of current assets	-	(4,683)
Net cash flows from operating activities	<u>2,015</u>	<u>(175)</u>
Cash flows from investing activities		
Net proceeds from sale of fixed assets	-	7,279
Investment income	11	35
Payments made to acquire fixed assets	(1,451)	(900)
Receipt of deferred Capital Grants	1,362	508
	<u>(78)</u>	<u>6,922</u>
Cash flows from financing activities		
Interest paid	(520)	(186)
Repayments of amounts borrowed	(3,869)	(329)
	<u>(4,389)</u>	<u>(515)</u>
(Decrease)/Increase in cash and cash equivalents in the year	<u>(2,452)</u>	<u>6,232</u>
Cash and cash equivalents at beginning of the year	9,933	3,701
Cash and cash equivalents at end of the year	7,481	9,933

Notes to the Accounts

1. Accounting policies

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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review, which includes an assessment of the potential financial impact of the Covid-19 pandemic. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate within its existing cash reserves 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 are accounted for under the accrual model as permitted by FRS102. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account as permitted. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to a 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 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

Notes to the Accounts (continued)

1. Accounting policies (continued)

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 recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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. 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 Agency (TPS) and the Local Government Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The Teachers Pension Scheme

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

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

The Royal County of Berkshire Pension Fund (LGPS)

The LGPS are funded schemes. 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 the operating surplus are the current service costs and the costs of scheme introductions, benefit changes settlements and curtailments. They are included as part of the 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 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 actuarial gains and losses.

Notes to the Accounts (continued)

1. Accounting policies (continued)

Short term Employment benefits

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

Enhanced Pensions

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that have been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve.

The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Minor adaptations to buildings are depreciated between 5 and 15 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital income account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset 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.

On adoption of FRS102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1997, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Land and buildings owner by third parties

The College occupies land and the buildings at the Strode's campus which are owned outright by the "Strode's Foundation" which is a foundation registered with the Charity Commission. The Charitable Objectives of the Foundation is for the education of students of the former Strode's College and Egham area.

Notes to the Accounts (continued)

1. Accounting policies (continued)

Provided the College continues to deliver to the conditions set by the Foundation allowing it to meet its charitable objectives then the College is entitled to continue to use the Foundation's assets.

The College has in place a formal lease with the Foundation that conveys to the College the exclusive right to occupy these buildings for a period of 35 years from 2017. Within the lease the College has the option to extend the lease for a period of 25 years. Either prior to or at the end of the 35 year lease the college intends to apply to extend this agreement for a further period beyond the ultimate 60 year end date. This process would continue into perpetuity.

The College pays an annual; rent of £20,000 for the use of the land and buildings.

Whilst legal title to the land and buildings remains with the foundation, all economic benefit passes to the College. In accordance with the relevant Financial Reporting Standards (FRS 102 17.15), the assets have been stated in the balance sheet at valuation on the basis of depreciated replacement cost.

On the basis that:

- the College has effective unrestricted use of the land as it does not plan to breach any of the underlying terms of its legal agreement with the Foundation; and
- plans are in place to extend the formal lease agreement into perpetuity;

the Corporation has adopted a policy of not depreciating the value of land owned by the Strode's Foundation.

The buildings are depreciated over their useful economic life to the College of fifty years.

Improvements to land and buildings are normally depreciated on a straight-line basis over their estimated economic life of 50 years. The College's and Foundation's contribution to the new buildings are depreciated on a straight-line basis over its estimated economic life of fifty years. Where improvements to land and buildings are made with the aid of specific grants they are capitalised and depreciated as above.

The related government grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. 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 it is charged to the statement of comprehensive 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 £5,000 per individual item is written off to the statement of comprehensive income in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

Plant and machinery	-	5 to 15 years
Office equipment and computers	-	5 years
Motor vehicles	-	5 years
Computers	-	3 years

Notes to the Accounts (continued)

1. Accounting policies (continued)

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.

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

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 1st August 2014 are spread over the minimum lease term.

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, so that it can only recover approximately 0.5% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if that 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 a maturity of three months or less from the date of acquisition.

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 for 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 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.

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 College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however

Notes to the Accounts (continued)

1. Accounting policies (continued)

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.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the 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.
- When assets or liabilities are acquired, these are measured at a fair value that reflect the conditions at the date of acquiring.

Other key sources of estimation uncertainty:

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Accounts (continued)

2 Funding council grants

	2021 £'000	2020 £'000
Recurrent grants		
Education & Skills Funding Agency - Adult & Apprenticeships	3,558	3,925
Greater London Authority Grant - Adults	293	305
Education & Skills Funding Agency - 16 - 18	14,771	13,826
Office for Students	130	208
Specific Grants		
Education & Skills Funding Agency	1,246	817
Covid Response Funding	28	-
Releases of government capital grants	764	721
Total	20,790	19,802

Net Income from Higher Education courses totalled £510k (2020: £674k) including Grant Funding £130k (2020: £208k) and Fee income £380k (2020: £466k). The Covid Response Fund was used for mass testing for Coronavirus.

3 Tuition fees and education contracts

	2021 £'000	2020 £'000
Adult education fees	274	399
Apprenticeship fees and contracts	33	47
Fees for FE loan supported courses	271	230
Fees for HE loan supported courses	380	466
Total tuition fees	958	1,142
Education contracts	155	405
Total	1,113	1,547

4 Other grants and contracts

	2021 £'000	2020 £'000
Other grants and contracts	45	41
Coronavirus Job Retention Scheme grant	53	76
Total	98	117

The Governing Body furloughed some Estates, Hair and Beauty and Apprenticeship staff under the Government's Coronavirus Job Retention Scheme. The funding received of £53k (2020: £76k) relates to expenditure which is included within the staff costs note below as appropriate.

Notes to the Accounts (continued)

5 Other income

	2021 £'000	2020 £'000
Catering and residences	271	73
Other income generating activities	167	147
Non government capital grants	4	4
Miscellaneous income	250	106
	<hr/>	<hr/>
Total	692	330

6 Investment income

	2021 £'000	2020 £'000
Other interest receivable	11	35

Notes to the Accounts (continued)

7 Staff costs

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

	2021 No.	2020 No.
Teaching staff	353	368
Non teaching staff	263	262
	616	630
Staff costs for the above persons		
	2021 £'000	2020 £'000
Wages and salaries	11,403	11,322
Social security costs	1,085	1,067
Other pension costs (including FRS 102 pension charge of £1,134k) (2020: £539k)	3,590	2,953
Payroll sub total	16,078	15,342
Contracted out staffing services	826	1,066
	16,904	16,408
Fundamental restructuring costs - contractual	275	295
	17,179	16,703

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 Leadership Team which comprises the Group Principal & Chief Executive (change from 12th April 2021), Deputy Chief Executive, Principal - Further Education, Principal - Sixth Form, two Group Vice Principals, and two Group Directors. Staff costs include compensation paid to key management personnel for loss of office.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officers was:	9	9

Notes to the Accounts (continued)

7 Staff costs

The number of key management personnel and other staff who received emoluments (on a paid basis), excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£45,001 to £50,000	1	-	-	-
£60,001 to £65,000	-	-	1	-
£65,001 to £70,000	1	-	-	-
£70,001 to £75,000	1	1	-	1
£75,001 to £80,000	2	4	-	-
£80,001 to £85,000	2	1	-	-
£120,001 to £125,000	1	-	-	-
£125,001 to £130,000	1	2	-	-
£145,001 to £150,000	-	-	-	-
£165,001 to £170,000	-	1	-	-
	<u>9</u>	<u>9</u>	<u>1</u>	<u>1</u>

Mrs Gillian May is included in the "£45,001 - £50,000" band based on her part year salary. Her annual salary is £150,000. Dr. Kate Webb is included in the "£120,001 - £125,000" band. Her annual salary was £170,000. In addition there were three further staff who worked for part of the year who were paid under £60,000 in the year, but whose full time equivalent salaries were between "£60,001 and £65,000"

Key management personnel emoluments are made up as follows:

	2021 £'000	2020 £'000
Basic Salary	756	770
Employer's National Insurance	102	101
Pension contributions	<u>157</u>	<u>157</u>
Total key management personnel compensation	<u>1,015</u>	<u>1,028</u>

The above emoluments include amounts payable to the Principal and Chief Executives who were the accounting officers and who were also the highest paid members of staff. Their pay and remuneration is as follows:

	2021 £'000	2020 £'000
Basic salary (Dr Kate Webb to 19th April 2021)	122	170
Pension contributions (Dr Kate Webb to 19th April 2021)	-	2
Basic salary (Mrs Gillian May from 12th April 2021)	45	-
Pension contributions (Mrs Gillian May from 12th April 2021)	<u>11</u>	<u>-</u>
	<u>178</u>	<u>172</u>

The governing body adopted the AoC's Senior Staff Remuneration Code for Senior Postholders in July 2020 and will continue to assess pay in line with its principles in future.

The remuneration package of Senior Postholders, including the Group 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 Group Principal and Chief Executive reports to the Chair of Governing Body, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Group Principal and CEO's pay and remuneration expressed as a multiple	2021	2020
Combined Group Principal and CEO's basic salary as a multiple of the median of all staff	5.28	5.87
Combined Group Principal and CEO's total remuneration as a multiple of the median of all staff	5.28	5.87
Compensation for loss of office paid to former key management personnel		
Compensation paid to former post-holder	<u>22</u>	<u>81</u>

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

Notes to the Accounts (continued)

8 Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	1,062	1,172
Non teaching costs	2,417	2,484
Premises costs	1,264	1,245
	<u> </u>	<u> </u>
Total	<u>4,743</u>	<u>4,901</u>

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	28	28
Internal audit	20	30
Other services provided by the financial statements auditors:	1	1
Hire of assets under operating leases	70	55
	<u> </u>	<u> </u>

Notes to the Accounts (continued)

9 Interest payable

	2021 £'000	2020 £'000
On bank loans, overdrafts and other loans:	<u>520</u>	<u>186</u>
	520	186
Pension finance costs (£418k per note 22 plus £6k enhanced pension)	<u>424</u>	<u>490</u>
	424	490
Total	<u>944</u>	<u>676</u>

10 Taxation

The members do not believe the college was liable for any corporation tax arising out of its activities during either the current or prior year.

Notes to the Accounts (continued)

11 Tangible fixed assets

	Land and buildings Freehold	Land and buildings Leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2020	58,925	22,460	7,184	88,569
Additions	981	-	470	1,451
At 31 July 2021	59,906	22,460	7,654	90,020
Depreciation				
At 1 August 2020	17,496	1,442	4,852	23,790
Charge for the year	1,226	443	807	2,476
At 31 July 2021	18,722	1,885	5,659	26,266
Net book value at 31 July 2021	41,184	20,575	1,995	63,754
Net book value at 31 July 2020	41,429	21,018	2,332	64,779

Land and buildings for the Langley & Windsor campuses were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice. If fixed assets had not been re-valued they would have been included at the following historical amounts: Cost £nil, Aggregate depreciation based on cost £nil.

The Leasehold period of Strobe's campus land and buildings are for 35 years from 2017 with an option to renew for a further 25 years.

Land and buildings include assets that have been partly financed by exchequer funds with a net book value of £14,053,000. Should these assets be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

Notes to the Accounts (continued)

12 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	121	248
Prepayments and accrued income	417	380
Amounts owed by the ESFA	112	115
Total	650	743

Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loans and overdrafts	-	3,869
Trade payables	91	248
Accruals and deferred income	2,032	1,024
Deferred income - government capital grants	806	1,068
Amounts owed to the ESFA	192	176
Amounts owed to the GLA	250	-
Total	<u>3,371</u>	<u>6,385</u>

14 Creditors: amounts falling due after one year

	2021 £'000	2020 £'000
Deferred income - government capital grants	<u>13,247</u>	<u>12,693</u>

Notes to the Accounts (continued)

15 Maturity of debt - Bank loans and overdraft

Bank loans and overdrafts are repayable as follows:

	2021 £'000	2020 £'000
In one year or less	-	3,869
Total	-	3,869

The terms of the bank loan were originally negotiated in 2014, with a total loan of £5,500,000 at a fixed rate of 2.77% secured on College assets and repayable by instalments falling due between 1 December 2014 and 29 August 2029.

The outstanding balance together with an early repayment charge of £455,731 was repaid on 11 November 2020.

Notes to the Accounts (continued)

16 Provisions

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2020	31,508	487	31,995
Expenditure in the period	(947)	(31)	(978)
Transferred from /(to) income and expenditure account	495	(13)	482
At 31 July 2021	<u>31,056</u>	<u>443</u>	<u>31,499</u>

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. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
Price inflation	2.80%	2.35%
Discount rate	1.60%	1.35%

17 Cash and cash equivalents

	At 1 August £'000	Cash flows £'000	Other £'000	At 31 July £'000
Cash and cash equivalents	<u>9,933</u>	<u>(2,453)</u>	<u>-</u>	<u>7,481</u>

18 Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July	<u>483</u>	<u>243</u>

Notes to the Accounts (continued)

19 Lease Obligations

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

	2021 £'000	2020 £'000
Future minimum lease payments due		
Other		
Not later than one year	65	55
Later than one year and not later than five years	57	109
	<u>122</u>	<u>164</u>

20 Contingent liabilities

There are no known contingent liabilities.

21 Events after the reporting period

There were no events after the reporting period.

Notes to the Accounts (continued)

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 Berkshire Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Brough of Windsor & Maidenhead (RBWM). Both are multi-employer defined-benefit plans.

Total pension cost for the year	2021 £'000	2020 £'000
Teachers Pension Scheme: contributions paid	1,453	1,471
Local Government Pension Scheme (RBWM):		
Contributions paid	947	913
FRS 102 (28) charge	<u>1,159</u>	<u>563</u>
Charge to the Statement of Comprehensive Income	2,106	1,476
Enhanced pension charge to Statement of Comprehensive Income	31	30
Total Pension Cost for Year	<u>3,590</u>	<u>2,953</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS are 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

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 and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

The latest actuarial review of the TPS was carried out as at 31 March 2016. 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 pension costs paid to TPS in the year amounted to £1,453,000 (2020: £1,471,000).

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

FRS 102 (28)

Local Government Pension Scheme - Berkshire Pension Fund

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by RBWM Local Authority. The total contributions made for the year ended 31 July 2021 were £1,206,000 (2020: £1,157,000), of which employer's contributions totalled £947,000 (2020: £913,000) and employees' contributions totalled £259,000 (2020: £244,000). The agreed contribution rates for future years are 25.4% (2020: 25.4%) for employers and range from 5.5% (2020: 5.5%) to 12.5% (2020: 12.5%) for employees, depending on salary.

Principal Actuarial Assumptions

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

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.80%	3.25%
Future pensions increases	2.80%	2.25%
Discount rate for scheme liabilities	1.60%	1.40%
Inflation assumption (CPI)	2.80%	2.25%

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	21.30	21.50
Females	24.00	24.10
<i>Retiring in 20 years</i>		
Males	22.60	22.90
Females	25.40	25.50

Sensitivity analysis

The following table shows what the College's defined benefit obligation would potentially be if certain key assumptions were changed.

	At 31 July 2021 £'000	At 31 July 2020 £'000
Discount rate +0.1%	60,323	56,512
Discount rate -0.1%	63,008	59,034
Mortality assumption - 1 year increase	64,448	60,304
Mortality assumption - 1 year decrease	58,979	55,325

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 July 2021	Fair Value at 31 July 2020
	£'000	£'000
Equities	18,785	15,347
Cash	525	2,493
Other Bonds	5,146	3,444
Property	3,947	3,731
Target Return Portfolio	1,289	805
Longevity Insurance	(1,728)	(1,592)
Commodities	348	98
Infrastructure	2,282	1,925
Total market value of assets	30,594	26,251
Actual return on plan assets	4,044	(703)

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

	2021 £'000	2020 £'000
Fair value of plan assets	30,594	26,251
Present value of plan liabilities	(61,650)	(57,759)
Net pensions liability (Note 16)	(31,056)	(31,508)

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

Amounts included in staff costs	2021 £'000	2020 £'000
Current service cost	2,081	1,452
Administration expenses	25	24
Total	2,106	1,476

Amounts included in investment interest payable	2021 £'000	2020 £'000
Net interest payable	(418)	(480)

Amounts recognised in Other Comprehensive Income	2021 £'000	2020 £'000
Return on pension plan assets	3,687	(1,246)
Experience gains arising on defined benefit obligations	-	1,031
Changes in assumptions underlying the present value of plan liabilities	(3,538)	(7,484)
Other actuarial gains on assets	1,855	501
Amount recognised in Other Comprehensive Income	2,004	(7,198)

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2021 £'000	2020 £'000
Net defined benefit liability as at 1 August	(31,508)	(23,291)
Movement in year:		
Current service cost	(2,081)	(1,452)
Employer contributions	947	913
Net interest on the defined liability	(418)	(480)
Actuarial gain or (loss)	2,004	(7,198)
Net defined benefit liability at 31 July	<u>(31,056)</u>	<u>(31,508)</u>

Asset and Liability Reconciliation

	2021 £'000	2020 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	57,759	49,089
Current Service cost	2,081	1,452
Interest cost	775	1,023
Contributions by Scheme participants	259	244
Experience gains and losses on defined benefit obligations	(1,119)	156
Changes in financial assumptions	3,538	7,484
Change in demographic assumptions	(736)	(657)
Estimated benefits paid	(907)	(1,032)
Defined benefit obligations at end of period	<u>61,650</u>	<u>57,759</u>

Changes in fair value of plan assets

Fair value of plan assets at start of period	26,251	25,798
Interest on plan assets	357	543
Return on plan assets	3,687	(1,246)
Other actuarial gains	-	1,031
Employer contributions	947	913
Contributions by Scheme participants	259	244
Estimated benefits paid	(907)	(1,032)
Fair value of plan assets at end of period	<u>30,594</u>	<u>26,251</u>

Notes to the Accounts (continued)

23 Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £nil (2020: £1,779, 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2020: None).

24 Disposal of Fixed Asset

	2021 £'000	2020 £'000
Sale of Land at Langley College		
Land Proceeds	-	7,540
Less: Costs related to sale of Land	-	(2,857)
Net Proceeds	<u>-</u>	<u>4,683</u>

25 Amounts disbursed as agents

Learner support funds

	2021 £'000	2020 £'000
Funding body grants - ESFA 16-19	316	289
Other funding body grants	<u>115</u>	<u>100</u>
	431	389
Disbursed to students	(394)	(337)
Administration costs	<u>(15)</u>	<u>(19)</u>
	<u>22</u>	<u>33</u>

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

