THE WINDSOR FOREST COLLEGES GROUP

Report and Financial Statements

for the year ended 31 July 2019

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Senior Management Team and were represented by the following in 2018/19:

Kate Webb: Group Principal and Chief Executive; Accounting Officer
Graham Try: Deputy Chief Executive
Rowan Cookson: Principal
Bernadette Joslin: Assistant Principal Student Services
Amanda Down: Assistant Principal Sixth Form
Julie Shah: Assistant Principal Human Resources
Juliet Holloway: Assistant Principal Marketing & Business Development

Board of Governors

A full list of Governors is given on pages 16 - 18 of these financial statements.

Ms L Payne acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Buzzacott
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Internal auditors:

MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers:

Santander UK plc.
Bridle Road
Bootle
Merseyside
L30 4GB

Solicitors:

Burlingtons
38 Hertford Street
Mayfair
London W1J 7SG

Stephenson Harwood
1 Finsbury Circus
London EC2M 7SH

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Members' Report

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2019.

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 16-18.

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 enrols and to finding suitable courses for as many students as possible regardless of their educational background.

Members' Report (continued)

Strategic Plan 2019-22

In October 2019, following a period of consultation with staff, students, governors and other key stakeholders, the Corporation approved a new strategic plan for the period 2019-22. A more detailed annual Plan is also agreed each year with more detailed targets and very specific time bound actions.

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.

Our 2019-22 Strategic Plan details high level outcomes across the College that we aim to achieve by 2022. These are high level indicators used to assess the achievement, or otherwise, of the vision. These are across the following 3 areas:

- Outcomes for students by 2020
- Student recruitment by 2022
- Financial strength and investment by 2022
- Curriculum Intent by 2022

Our Strategic Plan also sets out three implementation themes to achieve the above outcomes:

- Outstanding diverse and inclusive communities for learning at each College
- Strong communities of practice and professional development across the College Group
- Working together to serve our communities and businesses

Finally, the Plan is structured and focusses on six student groups, reflecting the diverse needs of our students and the added value created by the merger and our combined expertise:

- Sixth Form Students (16-18)
- Technical and Vocational Students (16-18)
- Apprentices
- Adult Students
- Higher Education Students
- High Needs Students

Since 2014, a strong improvement plan at Strode's College resulted in a Good Ofsted result with Outstanding features in 2016. However, a declining roll and financial pressures prompted the Corporation to proactively review its future as an independent entity. Over the same period, East Berkshire College completed a £31 million investment at Langley College, increased Higher Education opportunities for local people and maintained strong financial health. In 2016, East Berkshire College received an overall Ofsted judgement of Requires Improvement (RI) with a judgement of Good in Apprenticeships. A strong improvement plan was immediately put in place, which is now supported and led by the new leadership of the merged College. The merger strengthens both pre-existing Colleges and sustains education and training for local communities.

Whilst we are justifiably proud of the progress made in 2014-2019, we recognise there is much to be done in order to capitalise on the opportunities that merger offers. We have preserved, celebrated and extended the distinctive features of each local college, while forming a larger, resilient college group working in the spirit of genuine partnership and collaboration, to ensure the current and future needs of our local communities are met.

Members' Report (continued)

At the heart of our vision is the expansion and development of a strong and distinctive dual campus sixth form college ethos and curriculum offer across Strode's College in Egham and Windsor College, and the delivery of innovative professional and technical provision at Langley College.

The merged College group has had the foresight and good fortune to adopt a College model based on diversity, synergy and synthesis at a point when government policy has set a clear steer that the education sector should offer choice and excellence whilst creating pathways for social mobility.

The model is excellent Sixth Form College education paired with excellent technical, professional and higher education. As a merged College group, the strength, diversity and complementarity of our provision offers growth and development opportunities for all staff and students, and an environment that nurtures improvements in quality and outcomes for all our students.

The political landscape is changing. Sixth Form Education will need to rise to the challenges of education reform. The government's Technical Plan and Industrial Strategy will give employers a greater say in how we develop education for our students. A major reform of Apprenticeships has taken place and will be played out over the life of this plan.

The new merged College has an extraordinary reach, recruiting from over 100 schools and numerous local authority areas. It is clear, however, after the first two years of the Plan and the early stage of the third year, that student numbers have declined in the past 3 years and this will place significant added financial pressure and risk to the College in the remaining life of the Plan and beyond. As a consequence the future Strategic Plan and associated Property Strategy and Financial Plan will be regularly reviewed in order to seek to maintain the College's future Financial Health and sustainability. A key opportunity will be presented by the demographic growth increases which are anticipated from 2019-25 and these may increase 16-18 student numbers by around 235 (9% increase) by 2025 and consequently associated grant income.

As the local and national economy meets the challenges, uncertainties and opportunities of Brexit, we will capitalise on the wealth of opportunities that will emerge for our young people, communities and businesses. We are ambitious for our people. The merger has created The Windsor Forest Colleges Group, with breadth and depth of expertise in education for all. We are preparing individuals to take advantage of their opportunities and realise their ambitions by providing supportive and aspirational learning communities, wrapped around every single person, whatever pathway they are following.

The College's principal financial objectives for 2018-19 and achievement of those objectives are addressed below:

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.

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

Members' Report (continued)

i. deliver an operating deficit of £1m (excluding any adverse effects from the implementation of the FRS 102 pension accounting rules and before asset sales) – *£964,000 actual deficit*

ii. maintain staff costs at or below 68% of income – *70% actual*

iii. maintain an academic contribution at a rate of at least 49% - *48% actual*

iv. maintain the current level of support staff costs and reduce these further where opportunities arise – *over budget*

v. allow for a pay award at least in line with the Government's public sector pay policy – *no pay award has been made due to financial constraints*

vi. maintain at least ESFA 'Good' financial health - *'Good' financial health actual*

vii. to maintain a current ratio (adjusted to exclude deferred capital grants) of at least 1.5 – *2.5 actual*

viii. Achieve a minimum year-end cash balance of £3.5m - *£3.7m achieved*

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 2,842, which was 170 lower than the previous year's number of 3,012. The adult learner ESFA funding target was not met and a creditor is included for the excess grant received that is repayable to the ESFA.

Whilst the College exceeded its budgeted income targets for adults and apprentices, it fell short for 14-16 and Higher Education learners. There was also a saving in non-staff costs including the central contingency provision. The final position was a lower deficit compared to the £1m budgeted deficit.

Quality

An overall FE achievement rate of 82% (excluding Functional Skills) was achieved. This was 3% below the 85% achieved in 2017/18.

An Apprentices timely achievement rate of 59% has been achieved currently and this may rise to as high as 71%. This is lower than the 69% last year and is significantly higher than the 60% national average.

The two legacy colleges were the subject of Ofsted inspections in November / December 2016. East Berkshire College was judged "Requires Improvement" with "Good" for apprenticeships and Strode's College was judged "Good" with outstanding features.

Following merger neither Ofsted grade is carried forward, however, the College's quality improvement plans continue the actions and recommendations.

Financial

An operating deficit of £964,000 or 4.1% was achieved (excluding Local Government Pension Scheme adjustments and asset sales). The operating deficit including the impact of these adjustments was £2,261,000. The Windsor Alma Road car park, which was surplus to requirements, was sold in the year for £424,000 after costs and therefore the operating deficit after this sale was £1,837,000.

Staff costs were 70% of income which was above the 68% target, mainly due to falling short of income targets.

Members' Report (continued)

ESFA "Good" Financial Health was achieved for the year which was in line with the target.

FINANCIAL POSITION

Financial results

The College generated an operating deficit in the year of £964,000 excluding FRS102 charges on the LGPS defined benefit pension scheme and asset sales (2017/18 – £1,320,000 deficit). This reduction in the deficit is due to some one-off costs in the first full year of merger in 2017/18 not recurring in 2018/19, coupled with a careful and rigorous management of costs in the year.

The College has accumulated reserves of £29,759,000 (2017/18 - £33,389,000) and cash balances of £3,701,000 (2017/18 - £4,107,000). 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 £791,000 (2017/18 - £1,222,000). This mainly related to the purchase of equipment and major new software. The majority of the equipment costs were for I.T. hardware. It also included some expenditure on the creation of a new Higher Education Centre at Langley College which has been substantially funded by the Thames Valley Berkshire Local Enterprise Partnership.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2018/19 the ESFA provided 89% 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 / 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 a reduction in cash in the year of £406,000 (£1.866m increase in 2017/18) due to a decrease in creditors, mitigated partly by the sale receipt from the Alma Road Car Park.

A long term Loan with Santander is held and the outstanding liability as at 31 July 2019 was £4,198,000 and the annual repayments of principal in the year were £312,000. The loan is secured on part of the Windsor College site.

The size of the College's borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flows.

The cash balance held of £3,701,000 maintains the College's liquidity position.

Reserves Policy

The Board carefully considered in July 2019 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.

Members' Report (continued)

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

The level of cash reserve at 31st July 2019 was £3,701,000 which was £201,000 above the minimum level.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2018/19 the College has delivered activity that has produced £19,416,000 in funding body main allocation funding (2017/18 – £20,707,000). The College had approximately 5,500 funded and 900 non-funded students.

Student achievements

The Windsor Forest College Group (TWFCG) achieved full merger in May 2017 and the governors and managers have ensured that strong management arrangements have been put in place to safeguard the quality of provision at each of the individual college sites. Indications show that the merger is delivering on its strategic aims, for example, in 2017/18 student performance improved and benefitted from the new leadership arrangements. In 2018/19 further improvements in student achievements have been achieved. In summary, good progress has been made in many areas, and the pace of improvement has continued following the merger. Leaders and managers have been proactive in ensuring that the merger did not derail or distract from quality improvement. Indeed, the merger has strengthened the College's capacity to respond to quality improvement challenges. The merger has also enabled a focus on leadership and restructure to better meet the needs of TWFCG.

The curriculum intent of TWFCG is to serve our different students and communities through the development of different specialist curriculum routes at each of our three colleges. Each College is a special and distinctive college community of learning. Together, all three colleges form a unified community of practice, underpinned by consistent and strong quality improvement policies and practices.

Key headline improvements are:

- Outcomes for learners have improved to good levels for a majority of vocational qualifications across all three colleges.
- A Level learners at Strode's College and Windsor College have seen improved pass rates with a number of departments achieving 100%.
- Apprenticeship provision has continued to exceed national benchmarks
- Learners progress from their starting points have improved for most vocational and academic Level 3 programmes.
- The overall Achievement Rate for all long and short courses has been sustained at 80% or above for the third successive year.
- The Achievement Rate for 16-18 long courses has been sustained above the national benchmark with Strode's 4% above the benchmark..
- The Achievement Rate for short courses at Windsor College was 100% with the whole college group being 4% overall above benchmark.
- The Achievement Rate for long Level 1 courses for 19+ improved by 2% to 87% and at Strode's College long level 2 courses improved by 9%% to 88% and is now 8% above the national benchmark. At Windsor College Level 2 courses for 16-18 improved by 5% to 86% with 19+ learners securing 100% achievement for the second consecutive year.
- At A level, the overall Achievement Rate was 3% below the national average at 88%, however Strode's College performed 1% above the national average and achieved a 98% Pass Rate.
- At A Level, high grades (A-B) were 28.4% at Windsor College showing a three year upward trend. A*-C grades also improved to 58% increasing by 5% on 2018.

Members' Report (continued)

- At Strode's College A level, high grades (A-B) were at 37%, a 5% improvement on 2018. A*-C grades also improved by 5%, now at 65% overall.
- 16-18 achievement at Langley College declined this year to 75% and is below the national average. .
- The ALPS A level score at Strode's College was a grade 6 and the BTEC ALPS score iwas a grade 4.y. All BTEC courses sustained a 100% Pass Rate for the fourth consecutive year.
- The BTEC ALPS score at Windsor College was a grade 4 with all BTEC subjects achieving a 100% Pass Rate for the second year. High grades (D*/D) improved significantly to 49% and D*/M grades were sustained at 92%.

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. This year we introduced Computer Science at Windsor College taught by a subject specialist at Strode's College. The Windsor Forest Colleges Group is highly responsive to national and LEP priorities and strategies in both Berkshire and Surrey. The legacy EBC Ofsted report stated that "Leaders, managers and governors collaborate well with employers and partners to ensure that the range and content of the provision aligns to the economic priorities of the locality and region. This has led to increased opportunities for learners to move into or remain in employment following completion of their programmes. Employers praise the College's approach and value the individualised programmes available to meet their needs".

Consequently, the following have now been rolled out at the College: 16-19 Study Programmes, Functional Skills for Adults and Young People, directly funded Higher Education to raise the skills level of residents in Slough, Apprenticeships in most Skills Sector Areas including responsive development of Higher Level Apprenticeships and proactive involvement in Apprenticeship Trail Blazers. The College has actively embraced the Apprenticeship reforms and is offering the new Apprenticeship Standards as they become available, for example, in IT, Construction, Engineering and Management.

Higher Education provision is delivered in LEP priority areas including I.T. and Tourism & Hospitality Management. The College remains strongly committed to education inclusion in order to develop learners with higher technical skills as required for sustainable employment and for higher education. As a result of the College's inclusive curriculum (accessibility from Foundation Learning to Higher Education) and proactive support for progression, the College has continued to have a higher proportion of young people and adults studying at level 3. Courses have also been designed to ensure students are able to move securely into the labour market. In 2017/18 we secured a new partnership with the University of Reading to deliver the Foundation Degree in Childrens' Development and Learning and this has been well received by students and has good enrolment numbers in 2018/19 and 2019/20.

In September 2019 the HE provision was inspected under the new QAA framework and received 4 met with high confidence grades in areas of admissions, complaints, appeals and student voice.

With changes to young people and adult entitlement and the need to progress learners into employment, the Colleges 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 (Functional skills, higher tier GCSEs, AS/A2 levels) are now at the heart of curriculum planning with all learners having free maths and English entitlements

Members' Report (continued)

- 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 during 2017/18 with future partnership opportunities likely, particularly with Apprenticeships
- Higher Education: As well as partnership franchise agreements with local universities the College now has a directly funded HE provision with learners on HND/C and Levels 4/5 apprenticeships. These are two plus one programmes and therefore the College annually develops links with suitable universities to enable final year progressions to undergraduate programmes
- Community engagement: The College Group works closely with Slough Borough Council and other agencies to offer stepping stone qualifications / training and collaboratively lead on initiatives such as Troubled Families. Additionally, there are growing partnerships with JCPs and other agencies to meet the needs of the unemployed

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
6	4.4

Percentage of time	Number of employees
0%	0
1-50%	6
51-99%	0
100%	0

Total cost of facility time	£24,025
Total pay bill	£15,697,000
Percentage of total bill spent on facility time	0.15%

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

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

Members' Report (continued)

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 2018 to 31 July 2019, 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 recent £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 financial plan compiled in July 2019 for the period 2018-22, forecasts that the College would achieve ESFA "Good" financial health status in 2018-19, 2019-20 and 2020-21. In 2021-22 the College forecasts ESFA "Outstanding" financial health. This assumes a receipt in 2019/20 from the sale of land at Langley College and as a consequence an increase in the College's cash reserve.

Following the merger on 9 May 2017 the College has undergone restructuring of management and support staff which has achieved significant efficiencies. Similarly, College systems and processes are now fully integrated and have achieved efficiencies and greater effectiveness across the whole College.

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 2022.

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.

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 £4,569,000, including £3,701,000 cash balances.

Financial

The College has £29.76 million of net assets (including £23.29 million pension liability).

People

The College employed as an average throughout the year 387 staff members (expressed as full time equivalents), of whom 247 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.

Members' Report (continued)

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 least annually by the Audit Committee. The highest level risks form the Risk Management Plan which 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 2019. Outlined below is a summary of the nine high risks in the Plan.

- Failure to improve the College's Ofsted rating to "Good" at the next inspection. A comprehensive Action Plan is in place and is being monitored by the Quality and Curriculum Committee.

- Overspending the 2019-20 Budget and the risk of breaking loan covenants. There is a risk that the forecast deficit in 2019-20 will breach the existing bank loan covenants in 2020-21. The College is seeking to realise a substantial capital receipt from the sale during the year of land at Langley College and following receipt of a number of strong offers to purchase the site, is at an advanced stage towards the sale. Subject to the completion of the sale, the College has agreed in principle with the bank to amend the existing covenants to ensure that the College remains covenant compliant. The regular monthly Management Accounts will forecast the latest position compared with the Budget and bank covenants.

- Meeting learner number targets. These will be regularly monitored during the year. The early indications in 2019-20 are that the 16-18 learner numbers are currently lower than target and current indications are also that adults, apprentices and HE are lower. The financial impact of this will be reflected in the monthly Management Accounts.

- External funding risks, including Brexit and pensions increases. The September 2019 Government spending review announced additional funding for one year only in 2020-21. The Government has committed to funding the Teachers' pension increases until 2020-21.

- Reputation risk. The College has a marketing strategy and actions are regularly reviewed and monitored.

- Failure to implement the Property Strategy, particularly the sale of land at Langley and support the College's financial strategy.

- The risk of learners to harm and radicalisation, particularly given that Slough is a "Tier 2" Priority Area. Safeguarding and Prevent Action Plans are in place and are regularly monitored.

Members' Report (continued)

- Serious inaccuracy in funding claim following audit leads to reduction (clawback) in grant funding. The College was not selected for an ESFA PFA year-end learner number audit for 2018-19. However, the ESFA has now announced that in-year audits may take place at short notice.

- Inability to recruit and retain high quality staff in all areas. There are vacancies due to difficulties in recruiting to senior leadership and management curriculum posts at Langley College and in lecturer posts in some areas.

- Failure to improve the College's Ofsted rating to "Good" at the next inspection. A comprehensive Action Plan is in place and is being monitored by the Quality and Curriculum Committee.

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 and the Royal Borough of Windsor and Maidenhead;
- 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.

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.

Members' Report (continued)

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.

Disability statement

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

a) Access information is available on the DisabledGo website: www.disabledgo.com

b) 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.

c) 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.

d) Specialist programmes are described in the College Group's prospectuses and achievements and destinations are recorded and published in the standard College format.

e) 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.

f) 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.

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 11 December 2019 and signed on its behalf by:

A Dixon

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 2018 to 31st July 2019 and up to the date of approval of the annual report and financial statements.

Governance code

ESFA requires colleges to comply with either AoC's college governance code, the UK corporate code or the charity code. This statement shows how colleges could report compliance with the college 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 2018. 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	4 years		External (Chair of Corporation)	Remuneration; Governance, Search & Strategy; Resources (Chair);	93% (92%)
Ms A Wellings	11.03.2009 New term agreed to 03.2017 5.10.2016 new term agreed to 03.2021	4 years		External (Vice Chair of Corporation)	Remuneration; Quality & Curriculum (Chair)	67% (50%)

Ms K Webb	15.03.2010	n/a		Principal (Accounting Officer)	Governance, Search & Strategy; Resources; Quality & Curriculum	100% (100%)
Mr A Bhattacharya	15.05.2013 05.10.2016 new term agreed to 15.5.2021	4 years		External	Resources	100% (66%)
Mr D Knowles-Leak	04.07.2012 09.12.2015 new term agreed to 09.07.2020	4 years		External	Governance, Search & Strategy (Chair); Resources; Quality & Curriculum; Remuneration	100% (100%)
Mr K Lamb	12.03.2008 09.12.2015 new term agreed to 09.03.2020	4 years		External	Remuneration (Chair); Resources (Vice Chair)	67% (100%)
Mr S Taylor	02.10.2013 5.10.2016 new term agreed to 02.10.2021	4 years		External	Audit (Chair)	93% (100%)
Mr P Tyndale	07.10.2015 03.07.2019 new term agreed to 07.10.2023	4 years		External	Audit (Vice Chair)	93% (66%)
Ms T Coates	07.10.2015 03.07.2019 new term agreed to 07.10.2023	4 years		External	Audit; Governance, Search & Strategy; Quality & Curriculum (Vice Chair)	80% (100%)
Mr A Haines	07.12.2015	4 years		External	Quality & Curriculum	73% (50%)
Mr M Pritchett	8.3.2017	4 years		External	Governance, Search & Strategy (Vice Chair); Resources	100% (88%)
Ms J Classick	9.5.2017	3 years	29.8.2019	External	Quality & Curriculum	47% (50%)
Mr K Virdee	9.5.2017	3 years		External	Remuneration; Resources	67% (20%)
Mr R Lewis	9.5.2017	4 years		External	Governance, Search & Strategy; Audit	80% (71%)
Mr G Nizzar	06.07.2016	4 years	16.11.2018	Staff	Audit; Quality & Curriculum	100% (75%)
Mr D Bains	5.7.2017	4 years		Staff	Quality & Curriculum	100% (75%)
Ms N Viola	13.3.2019	4 years		Staff	Quality & Curriculum	50% (50%)

Ms U Chaudhary	3.7.2019	1 year		Student	Quality & Curriculum	50% (50%)
Ms A Jamaranian	3.7.2019	1 year		Student	Quality & Curriculum	50% (50%)
Mr C Jones	3.7.2019	1 year		Student	Quality & Curriculum	100% (50%)
Ms L Payne acts as Clerk to the Corporation.						

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health 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.eastberks.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 Chairman and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a governance and search committee, consisting of four 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.

Governance Statement (continued)

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 2019, the College's Remuneration Committee comprised five 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 2019 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

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.

Governance Statement (continued)

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 designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Windsor Forest Colleges Group for the year ended 31 July 2019 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 2019 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.

Review of effectiveness

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

- the work of the internal auditors

Governance Statement (continued)

- 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, 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 management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

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

Going concern

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 3 year financial plan which is monitored throughout the year. The College holds cash balances of over £3.5 million and ESFA "Good" Financial Health status.

Approved by order of the members of the Corporation on 11 December 2019 and signed on its behalf by:

A Dixon

Chair

Kate Webb

Accounting Officer

Governing Body's 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.

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 Dixon

Chair

11 December 2019

Kate Webb

Accounting Officer

11 December 2019

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 11 December 2019 and signed on its behalf by:

A Dixon

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 2019 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 2019 and of its deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation

As explained more fully in the statement of responsibilities of members of the Corporation, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the Corporation, 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 Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 December 2019

Reporting accountant's assurance report on regularity

To: The Corporation of The Windsor Forest Colleges Group and Secretary of State for Education acting through the Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 20 November 2017 further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by The Windsor Forest Colleges Group during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Corporation of The Windsor Forest Colleges Group and Department 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 College Colleges Group and the Department 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 The Windsor Forest Colleges Group and the Department 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2018 to 31 July 2019 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 jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the College's activities;

Reporting accountant's assurance report on regularity (continued)

- Further testing and review of self-assessment questionnaire 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 2018 to 31 July 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed: Buzzacott LLP

Buzzacott LLP
Chartered Accountants and Registered Auditors
130 Wood Street
London
EC2V 6DL

13 December 2019

The Windsor Forest Colleges Group
Statement of Comprehensive Income

	Notes	2019	2018
		£'000	**£'000**
INCOME			
Funding body grants	2	20,905	22,249
Tuition fees and education contracts	3	1,794	2,151
Other grants and contracts	4	173	337
Other income	5	334	292
Endowment and investment income	6	43	23
Total income		**23,249**	**25,052**
EXPENDITURE			
Staff costs	7	16,469	17,687
Fundamental restructuring costs	7	192	312
Other operating expenses	8	5,750	6,298
Depreciation	11	2,361	2,484
Interest and other finance costs	9	738	861
Total expenditure		**25,510**	**27,641**
Deficit before other gains and losses		**(2,261)**	**(2,589)**
Disposal of Fixed Asset	24	424	-
Deficit before tax		**(1,837)**	**(2,589)**
Taxation	10	-	-
Deficit for the year		**(1,837)**	**(2,589)**
Actuarial (Loss) / Gain in respect of pensions schemes		(1,793)	4,009
Total Comprehensive Income for the year		**(3,630)**	**1,420**
Represented by:			
Unrestricted comprehensive income		**(3,630)**	**1,420**

The Windsor Forest Colleges Group
Statement of Changes in Reserves

	Income and Expenditure account £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st August 2017	29,029	2,940	31,969
Deficit from the income and expenditure account	(2,589)	-	(2,589)
Other comprehensive income	4,009	-	4,009
Transfers between revaluation and income and expenditure reserves	66	(66)	-
	1,486	(66)	1,420
Balance at 31st July 2018	30,515	2,874	33,389
Deficit from the income and expenditure account	(1,837)	-	(1,837)
Other comprehensive income	(1,793)	-	(1,793)
Transfers between revaluation and income and expenditure reserves	66	(66)	-
Total comprehensive income for the year	(3,564)	(66)	(3,630)
Balance at 31st July 2019	**26,951**	**2,808**	**29,759**

The Windsor Forest Colleges Group
Balance sheet as at 31 July

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible fixed assets	11	68,858	70,428
		68,858	**70,428**
Current assets			
Trade and other receivables	12	867	1,465
Cash and cash equivalents	17	3,701	4,107
		4,568	**5,572**
Less: Creditors – amounts falling due within one year	13	(3,110)	(4,298)
Net current assets		**1,457**	**1,273**
Total assets less current liabilities		**70,315**	**71,701**
Less: Creditors – amounts falling due after more than one year	14	(16,788)	(17,604)
Provisions			
Defined benefit obligations	22	(23,291)	(20,279)
Other provisions	16	(477)	(430)
Total net assets		**29,759**	**33,389**
Unrestricted reserves			
Income and expenditure account		26,951	30,515
Revaluation reserve		2,808	2,874
Total unrestricted reserves		**29,759**	**33,389**

The financial statements on pages 28 to 55 were approved and authorised for issue by the Corporation on 11th December 2019 and were signed on its behalf on that date by:

A Dixon
Chair

Kate Webb
Accounting Officer

The Windsor Forest Colleges Group
Statement of Cash Flows

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Deficit for the year		(1,837)	(2,589)
Adjustment for non cash items			
Depreciation		2,361	2,484
Increase in debtors		598	(545)
Decrease in creditors due within one year		(1,205)	(298)
Decrease in creditors due after one year		(776)	(671)
Decrease in provisions		(31)	(30)
Pensions costs less contributions payable		761	624
Adjustment for investing or financing activities			
Investment income		(43)	(23)
Interest payable		738	861
Gain on disposal of non current assets		(424)	-
Net cash flows from operating activities		**142**	**(186)**
Cash flows from investing activities			
Proceeds from sale of fixed assets		424	-
Investment income		43	23
Payments made to acquire fixed assets		(791)	(1,187)
Receipt of deferred Capital Grants		290	-
		(34)	(1,164)
Cash flows from financing activities			
Interest paid		(202)	(216)
Repayments of amounts borrowed		(312)	(299)
		(514)	(515)
Decrease in cash and cash equivalents in the year		**(406)**	**(1,866)**
Cash and cash equivalents at beginning of the year		4,107	5,973
Cash and cash equivalents at end of the year		3,701	4,107

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 2018 to 2019* 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. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has a £4.2m loan outstanding with Santander on terms negotiated in 2014. This agreement is a fixed interest rate for a duration of 15 years. There is a risk that the forecast deficit in 2019-20 will lead to a breach of the existing bank loan covenants in 2020-21, however in order to mitigate this risk the College is currently working towards the sale of surplus land at its Langley College, following its marketing for sale in the summer 2019. Following strong offers from a number of developers, the sale of the site is at an advanced stage. Subject to the completion of that sale, the College has agreed in principle with its lenders to amend the existing loan covenants. Based on the College's forecasts and financial projections the increase in cash from the sale will enable it to operate within its existing loan facility 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.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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 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 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,

Notes to the Accounts (continued)

1. Accounting policies (continued)

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.

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.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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.

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.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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

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.

Notes to the Accounts (continued)

1. Accounting policies (continued)

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 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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

	2019	2018
	£'000	£'000
Recurrent grants		
Education & Skills Funding Agency - Adult & Apprenticeships	4,565	4,385
Education & Skills Funding Agency - 16 - 18	14,851	16,056
Office for Students	213	266
Specific Grants		
Education & Skills Funding Agency	588	848
Releases of government capital grants	688	694
Total	**20,905**	**22,249**

3 Tuition fees and education contracts

	2019	2018
	£'000	£'000
Adult education fees	628	954
Apprenticeship fees and contracts	27	12
Fees for FE loan supported courses	348	261
Fees for HE loan supported courses	541	576
Total tuition fees	1,544	1,803
Education contracts	250	348
Total	**1,794**	**2,151**

4 Other grants and contracts

	2019	2018
	£'000	£'000
Other grants and contracts	173	337
Total	**173**	**337**

Notes to the Accounts (continued)

5 Other income

	2019	2018
	£'000	£'000
Catering and residences	65	65
Other income generating activities	213	123
Non government capital grants	4	4
Miscellaneous income	52	100
Total	**334**	**292**

6 Investment income

	2018	2018
	£'000	£'000
Other interest receivable	**43**	**23**

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 full-time equivalents, was:

	2019 No.	2018 No.
Teaching staff	247	267
Non teaching staff	140	146
	387	**413**

Staff costs for the above persons

	2019 £'000	2018 £'000
Wages and salaries	11,771	12,741
Social security costs	1,131	1,204
Other pension costs (including FRS 102 pension charge of £761k, (2018 £624k))	2,795	2,680
Payroll sub total	**15,697**	**16,625**
Contracted out staffing services	772	1,062
	16,469	**17,687**
Fundamental restructuring costs - contractual	192	312
	16,661	**17,999**

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, Deputy CEO, Principal, and five Assistant Principals having budgetary responsibility for curriculum and support areas. Staff costs include compensation paid to key management personnel for loss of office.

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

	2019 No.	2018 No.
The number of key management personnel including the Accounting Officer was:	8	8

Notes to the Accounts (continued)

7 Staff costs -

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

	Key management personnel		Other staff	
	2019	2018	2019	2018
	No.	No.	No.	No.
£70,001 to £75,000	3	3	1	1
£75,001 to £80,000	1	1	-	-
£80,001 to £85,000	1	1	-	-
£120,001 to £125,000	1	1	-	-
£125,001 to £130,000	1	-	-	-
£135,001 to £140,000	-	1	-	-
£165,001 to £170,000	1	-	-	-
£170,001 to £180,000	-	1	-	-
	8	8	1	1

Key management personnel emoluments are made up as follows:

	2019	2018
	£'000	£'000
Basic Salary	778	778
Performance related pay and bonus	-	30
Employer's National Insurance	99	102
Pension contributions	138	145
Total key management personnel compensation	**1,015**	**1,055**

The above emoluments include amounts payable to the Group Principal and Chief Executive who is the accounting officier and who is also the highest paid member of staff. Their pay and remuneration is as follows:

	2019	2018
	£'000	£'000
Basic salary	167	167
Performance related pay and bonus	-	10
Pension contributions	28	29
	195	206

The governing body has adopted AoC's Senior Staff Remuneration Code for Senior Postholders in July 2019 and will 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/Chief Executive pay and remuneration expressed as a multiple

	2019	2018
Group Principal and CEO's basic salary as a multiple of the median of all staff	6.07	6.24
Group Principal and CEO's total remuneration as a multiple of the median of all	6.07	6.61

Compensation for loss of office paid to former key management personnel

	2019	2018
	£'000	£'000
Compensation paid to the former post-holder	25	-
Estimated value of other benefits, including provisions for pension benefits	-	-

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

	2019	2018
	£'000	**£'000**
Teaching costs	1,294	1,411
Non teaching costs	2,941	3,211
Premises costs	1,385	1,556
Exceptional merger costs	130	120
Total	**5,750**	**6,298**

Other operating expenses include:	**2019**	**2018**
	£'000	**£'000**
Auditors' remuneration:		
Financial statements audit	27	27
Internal audit	24	23
Other services provided by the financial statements auditors:	1	4
Hire of assets under operating leases	55	1

9 Interest payable

	2019 £'000	2018 £'000
On bank loans, overdrafts and other loans:	202	216
	202	216
Pension finance costs (£526k per note 22 plus £10k enhanced pension)	536	645
Total	**738**	**861**

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 2018	61,206	22,460	5,990	89,656
Additions	102	-	689	791
Disposals	-	-	(64)	(64)
At 31 July 2019	**61,308**	**22,460**	**6,615**	**90,383**
Depreciation				
At 1 August 2018	15,151	555	3,522	19,228
Charge for the year	1,231	444	686	2,361
Elimination in respect of disposals	-	-	(64)	(64)
At 31 July 2019	**16,382**	**999**	**4,144**	**21,525**
Net book value at 31 July 2019	**44,926**	**21,461**	**2,471**	**68,858**
Net book value at 31 July 2018	46,055	21,905	2,468	70,428

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.

Land and buildings for the Strode's campus were included at fair value in 2017 as part of the merger process. These were valued at depreciated replacement cost by a firm of independent chartered surveyors. Those land and buildings are leased by the College from the Strode's Foundation, an independent charity. The College pays an annual rent of £20k to the Strode's Foundation for use of the land and buildings.

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

During the 2018/19 financial year, the Windsor College Alma Road car park, which had been declared surplus to the College's requirements, was sold.

Land and buildings include assets that have been partly financed by exchequer funds with a net book value of £13,901,000. 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

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	165	665
Prepayments and accrued income	402	446
Amounts owed by the ESFA	300	354
Total	**867**	**1,465**

Notes to the Accounts (continued)

13 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Bank loans and overdrafts	329	312
Trade payables	115	314
Accruals and deferred income	1,189	1,410
Deferred income - government capital grants	981	974
Amounts owed to the ESFA	496	1,288
Total	**3,110**	**4,298**

14 Creditors: amounts falling due after one year

	2019 £'000	2018 £'000
Bank loans	3,869	4,198
Deferred income - government capital grants	12,920	13,406
Total	**16,788**	**17,604**

Notes to the Accounts (continued)

15 Maturity of debt - Bank loans and overdraft

Bank loans and overdrafts are repayable as follows:

	2019 £'000	2018 £'000
In one year or less	329	312
Between one and two years	344	329
Between two and five years	1,130	1,080
In five years or more	2,395	2,789
Total	**4,198**	**4,510**

Bank loan fixed rate of 2.77% per annum repayable by instalments falling due between 1 December 2014 and 29 August 2029, totalling £5,500,000 is secured on College assets.

Notes to the Accounts (continued)

16 Provisions

	Defined benefit Obligations £'000	Enhanced pensions £'000	Total £'000
At 1 August 2018	20,279	430	20,709
Expenditure in the period	(830)	(30)	(860)
Transferred from income and expenditure account	3,842	77	3,920
At 31 July 2019	**23,291**	**477**	**23,769**

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:

	2019	2018
Price inflation	2.35%	2.35%
Discount rate	2.10%	2.65%

17 Cash and cash equivalents

	At 1 August £'000	Cash flows £'000	Other £'000	At 31 July £'000
Cash and cash equivalents	4,107	(406)	-	3,701

18 Capital commitments

	2019 £'000	2018 £'000
Commitments contracted for at 31 July	182	78

Notes to the Accounts (continued)

19 Lease Obligations

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

	2019 £'000	2018 £'000
Future minimum lease payments due		
Other		
Not later than one year	55	1
Later than one year and not later than five years	55	-
	110	1

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		**2019 £'000**		**2018 £'000**
Teachers Pension Scheme: contributions paid		1,136		1,319
Local Government Pension Scheme (RBWM):				
Contributions paid	830		737	
FRS 102 (28) charge	761		624	
Charge to the Statement of Comprehensive Income		1,591		1,361
Enhanced pension charge to Statement of Comprehensive Income		68		26
Total Pension Cost for Year		**2,795**		**2,680**

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

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 2019-20 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 £1,918,000 (2018: £1,968,000)

22 Defined benefit obligations (continued)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. 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.

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 2019 were £1,080,000, of which employer's contributions totalled £830,000 and employees' contributions totalled £250,000. The agreed contribution rates for future years are 25% for employers and range from 5.5% to 12.5% cent for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary

	At 31 July 2019	At 31 July 2018
Rate of increase in salaries	3.85%	3.85%
Future pensions increases	2.35%	2.35%
Discount rate for scheme liabilities	2.10%	2.65%
Inflation assumption (CPI)	2.35%	2.35%

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 2019 years	At 31 July 2018 years
Retiring today		
Males	22.00	23.10
Females	24.00	25.20
Retiring in 20 years		
Males	23.70	25.30
Females	25.80	27.50

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 2019 £'000	Fair Value at 31 July 2018 £'000
Equities	14,066	11,352
Cash	1,755	3,586
Other Bonds	3,971	3,611
Property	3,570	3,331
Target Return Portfolio	1,257	971
Longevity Insurance	(1,461)	(734)
Commodities	204	438
Infrastructure	2,436	1,611
Total market value of assets	**25,798**	**24,166**
Actual return on plan assets	**1,705**	**1,684**

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

	2019 £'000	2018 £'000
Fair value of plan assets	25,798	24,166
Present value of plan liabilities	(49,089)	(44,445)
Net pensions liability (Note 16)	**(23,291)**	**(20,279)**

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

Amounts included in staff costs	2019 £'000	2018 £'000
Current service cost	1,315	1,361
Past service cost	276	-
Total	**1,591**	**1,361**

Amounts included in investment interest payable	2019 £'000	2018 £'000
Net interest payable	(526)	(635)
	(526)	**(635)**

Amounts recognised in Other Comprehensive Income	2019 £'000	2018 £'000
Return on pension plan assets	1,065	1,095
Experience losses arising on defined benefit obligations	-	(87)
Changes in assumptions underlying the present value of plan liabilities	(2,790)	2,351
Other actuarial gains on assets	-	676
Amount recognised in Other Comprehensive Income	**(1,725)**	**4,035**

Notes to the Accounts (continued)

22 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

Movement in net defined benefit liability during the year

	2019 £'000	2018 £'000
Net defined benefit liability as at 1 August	(20,279)	(23,055)
Movement in year:		
Current service cost	(1,315)	(1,361)
Employer contributions	830	737
Past service cost	(276)	-
Net interest on the defined liability	(526)	(635)
Actuarial (loss) or gain	(1,725)	4,035
Net defined benefit liability at 31 July	**(23,291)**	**(20,279)**

Asset and Liability Reconciliation

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	44,445	44,724
Current Service cost	1,315	1,361
Interest cost	1,166	1,224
Contributions by Scheme participants	250	244
Experience gains and losses on defined benefit obligations	-	87
Changes in financial assumptions	5,388	(2,351)
Change in demographic assumptions	(2,598)	-
Estimated benefits paid	(1,153)	(844)
Past Service cost	276	-
Defined benefit obligations at end of period	**49,089**	**44,445**
Changes in fair value of plan assets		
Fair value of plan assets at start of period	24,166	21,669
Interest on plan assets	640	589
Return on plan assets	1,065	1,095
Other actuarial gains	-	676
Employer contributions	830	737
Contributions by Scheme participants	250	244
Estimated benefits paid	(1,153)	(844)
Fair value of plan assets at end of period	**25,798**	**24,166**

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 £3,119; 3 governors (2018: £2,915, 3 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 (2018: None).

24 Disposal of Fixed Asset

	2019 £'000
Sale of Alma Road Car Park	
Land Proceeds	500
Less: Costs related to sale of Land	(76)
Net Proceeds	424

25 Amounts disbursed as agents

Learner support funds

	2019 £'000	2018 £'000
Funding body grants - ESFA 16-19	317	389
Other funding body grants	97	96
	414	485
Disbursed to students	(368)	(405)
Administration costs	(18)	(25)

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.